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**Jiang Gives Speech at National Meeting of
Directors of Organization Departments
(21 August 1989)**

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China Must Adhere to the Socialist Road

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[Article by Hou Zongbin (0186 1350 6333), Governor of
Shaanxi Province]

**[Text] I. The Establishment of the Socialist System Was
an Inevitable Choice That Conformed to China's National
Conditions**

The emergence of socialism in China was not an accidental historical phenomenon, nor the subjective creation of a single class or hero. It came into being and developed because of China's particular situation and historical background. It was a correct choice made by hundreds of millions of Chinese people during their lengthy struggle.

From the point of view of the national situation, contemporary China did not have the conditions to develop independent capitalism. After the Opium War of 1840, Chinese society gradually became a half-colonized, half-feudal one. Under the invasion of imperialism and suppression by feudalism, capitalist industry started late, developed slowly, and was constantly debilitated. Until the war with Japan, industrial output was only about 10 percent of the gross national product. If capitalist industry could not develop, the capitalist class would be weak, unable to become an independent political force, and incapable of taking up the mission of leading China through the capitalist revolution. Contemporary Chinese history was one of how imperialism invaded China, opposed its independence, and opposed the development of capitalism.

From the point of view of carrying out social reforms, China could not have taken the capitalist road. From the end of the 19th century to the beginning of the 20th, people with lofty ideas, as well as intellectuals awakened to reality, had gone to a lot of trouble to seek truth from the West in their wholehearted attempt to get China onto the capitalist road. They fought hard for it, one stepping into the breach as another fell, but they all failed. The reforms of Kang Youwei and Liang Qichao were called off in just a hundred days. Even the great democratic revolutionary Sun Yat-sen eventually failed, despite his efforts to formulate the "Three People's Principles," his proposed framework for the establishment of a capitalist democratic republic, his series of great plans for a capitalist economy in China, such as the "outline for national reconstruction" and "plans for industry," and despite several armed revolts, including the Xinhai Revolution in 1911. As Comrade Mao Zedong said: "China

has learned quite a bit from the West, but nothing has worked, ideals could not be realized," and, "There have been capitalist republics, but China couldn't sustain them because it is a country that was suppressed by imperialism."

From the point of view of the people's desires and demands, the masses would not have accepted the capitalist system. The majority of the Chinese people are peasants who were long suppressed and exploited by feudal rulers. They did not have enough to eat or wear, nor did they have freedom. Imperialist invasions plunged them deeper into misery. China's toiling masses had the traditional desire for "equal wealth," equality, and freedom. They didn't want to build another "hell" on earth or to allow one exploitation to be replaced by another; they wanted to fight for an environment of "great harmony" that would give them equality and prosperity. One of the major reasons the capitalist democratic revolution led by Sun Yat-sen failed was that the system he wanted to build did not have majority support; it couldn't truly arouse the masses.

Those who were bent on bourgeois liberalism accused socialism in our country of "transcending history" and a "subjective illusion." This is a fallacy which totally disregards history and reality. The Chinese Communist Party, combining the universal truth of Marxism-Leninism with the reality of China's revolution, formulated correct programs, routes, and policies to lead, and be led by the people. First, it thoroughly overthrew the "three big mountains" of imperialism, feudalism, and bureaucrat capitalism when it sought to complete the revolution for new democracy and established a New China under which the people are the bosses. It then carried out the promises of the revolution by undertaking "three great reforms" to root out the practice of exploitation, and established a socialist system on the basis of public ownership of means of production. The revolution led by our party "met the world's trend and people's need," so it naturally won the support of the masses. Although it went through difficult times, the revolution achieved a great victory in the end. In the past 40 years, the socialist system has been deeply rooted in our society after withstanding risks and challenges. It has begun to show its great vitality and signs of a promising, bright future. It has proved itself to be more than a theory; it is a vivid reality that hundreds of millions of people have strived hard for. Therefore, our Constitution stipulates clearly that "the socialist system is the fundamental system of the People's Republic of China; all organizations and individuals are prohibited from sabotaging the socialist system." It is a summation of more than a hundred years of experience in China's revolutionary history, a most precious fruit of victory for which the lives of 20 million martyrs have been sacrificed. It is not "transcending history," nor a "subjective illusion."

Leading exponents of bourgeois liberalism proposed a "good recipe" for China to "make up the missed lesson of capitalism." What did this "missed lesson" mean? It

meant we would give up the socialist road for the capitalist one, but in today's China, would this work? The answer is no. It is obvious that if we readopt the capitalist road, we will have to abandon the system of public ownership of means of production, which will lead to the consolidation of wealth in the hands of a few, and will produce a polarization of extreme wealth and extreme poverty. A calculation done by someone several years ago concluded that if China totally adopted capitalist distribution as practiced in the United States, 1 percent of its one billion people would become millionaires, while the remaining 99 percent would lose their existing property to varying degrees; 800 million people would have to hand over $\frac{1}{3}$ of their property to others. Furthermore, if China, which has vast territory, a large population, and a backward economy, gives up the socialist system, foreign capitalist forces would definitely seize the opportunity to find their way in. With domestic trouble and foreign invasion occurring at the same time, the whole country would again plunge into a dark society full of division, turbulence, suppression, and exploitation. This would be a big step backward historically; something that the Chinese people will never allow to happen!

II. China Will Be Reduced to a Vassal of International Capitalism If It Abandons Socialism

After our party had summed up both positive and negative experiences in the Chinese revolutions of modern times, it decided on a policy whereby we would have independence and keep the initiative in our own hands. This is a principle the Chinese people will always insist upon in dealing with the outside world.

In the hundred years between the Opium War and the founding of New China, the Chinese people have experienced the shame of surrendering their sovereign rights under humiliating terms and the catastrophe of territorial partitions, pillage, exploitation, and enslavement by imperialist powers. Those who are familiar with modern Chinese history will not forget that it was we, the people of a great country of one billion, who suffered, in our own territory, the galling shame and humiliation of "Chinese and dogs are not allowed to enter." Even the imperial dynasties which represented national sovereignty could not control the destiny of the nation, could not resolve the calamity for the people. Therefore, "expel the barbarians, restore China" and "fight for sovereignty outside, punish national traitors within" became the objectives for the struggles of revolutionaries and patriots during previous revolutions for democracy. But they all failed because they chose to "save China with capitalism." The Kuomintang regime headed by Chiang Kai-shek kept the country going by painstaking effort, but what happened in the end? Apart from creating a bureaucratic-comprador system manipulated by Western powers, it was nothing but a dilapidated shambles for the Chinese people.

China's position in the world was elevated after the People's Republic of China was founded. Because the

Chinese Communist Party leadership led the people to carry out a revolution for democracy and established a socialist system, our great country, which has one-fourth of the world's population, could really stand tall. Despite the fact that we are not yet an economic power, we occupy an important position and play an important role internationally because we are independent and keep the initiative in our own hands. People in the country, as well as Overseas Chinese, feel deeply about this. History has concluded that "only socialism can save China."

If China abandons socialism now, it will once again lose its independence and initiative, and reduce itself to a vassal of Western powers. This has a lot to do with China's characteristic condition and the very nature of capitalist aggression. China is a developing country; on the one hand it has a large population, a poor foundation, unbalanced development, and a backward economy; on the other hand, it abounds in natural resources and is a very attractive market. If we adopt capitalism, it will mean that public ownership of means of production will collapse and the industrial structure and national economy which were constructed after years of effort will be divided. We will then return to the old system in which the means of production are privately owned and in which the economic and social structures are based on free competition. By then, developed capitalist countries will try all they can to infiltrate into China to satisfy their aggressive nature and their need for global strategy. The low productivity in our country, coupled with privatization of property, will not form industries able to compete with foreign capital. Every enterprise and financial group will be slavishly dependent on foreign capitalist forces and seek their protection and support, or form an alliance with them, in order to maintain their position in the competition. In addition, as China is so vast, no country in the world could swallow it alone. As soon as the gate is open, they could swarm in to look for agents, carve out spheres of influence, and divide and rob our country. China would then be in a state of disunity. At that time, the ruling group, which represents the interest of the exploiting class, would compromise with foreign forces at the price of sacrificing national interest, reducing a sovereign country to the vassal state of Western powers. This is not "outlandish talk," nor alarmist talk. The situation described above has happened in China before. The world economic situation after World War II showed that economically backward countries whose development programs depended on Western powers have difficulty trying to cast off control by big nations. Neither could they keep their sovereignty intact. Asia's burgeoning developing countries, which have fast-growing economies, have been used as an example by some people to promote their campaign for a liberalized trend of thought, but some of these countries have not eliminated traces of their previous vassal status; some still have Western troops stationed on their soil; and others still can not do without covert or overt support and the protection of foreign powers. If our country follows in

their footsteps, we will face the inevitable destiny of being controlled and enslaved.

From a realistic point of view, it would not be fantastic, but realistic, to say that China will be reduced to a vassal state of Western powers if it abandons socialism. During the turbulence and riots at this time, the ill-intentioned instigators, organizers, and behind-the-scenes planners sold out the interest of the nation and the people, and used the lives of many young students as a bargaining chip as they carried out their political activity to oppose the party, oppose socialism, and overthrow the people's republic. A liberal by the name of Liu Xiaobo even unscrupulously declared: "It took Hong Kong 100 years of colonial rule to achieve what it has today. Being so vast, China will definitely need 300 years of colonization to become like today's Hong Kong." Fang Lizhi advised reactionary forces to beg foreign countries to "pull out their capital" as a step to impose economic sanctions on China. Throughout the entire turbulence, they have kept in close touch with hostile forces outside the country in an attempt to use the influence of outside reactionary forces to force the party and the government to adopt the "totally Westernized way of running the country" proposed by them. Hostile forces abroad have long placed their hope of "peaceful transformation" on the third and fourth generations in China. This time, they have sought to use the opportunity of turbulence and riots to change China by putting it under the control of international capitalism. Therefore, they have displayed unusual zeal and concern over the turbulence and riots. They encouraged and supported the rioters by giving them money and gifts; they created rumors and provided refuge for the rioters. It is not hard to question that if we had given into the political demands of such people as Fang Lizhi and Liu Xiaobo, and abandoned socialism for capitalism, would we have been able to hold onto our independence and the right to take initiative?

III. The Establishment of the Socialist System Has Effectively Promoted China's Development

Representatives of bourgeois liberalism have maliciously attacked the socialist system, saying that "the socialist system has failed in the past 30 years" and that it "has not done much good in 30 years." They accused the brave struggle for independence and prosperity of the party and people of being "a history of retrogression which repeatedly took the wrong road and plunged into a quagmire." Wasn't there someone in Shaanxi who shouted shamelessly: "Pick up weapons to overthrow the government!"? Was China's socialist development in the past 40 years a success or failure? Facts will answer that. In 1949, total national industrial and agricultural output was valued at 46.6 billion yuan and national income was 35.8 billion yuan. In 1988, national industrial and agricultural output reached 2,371.8 billion yuan and national income reached 1,153.3 billion yuan. Economic development in our province has also made great achievements in the 40 years since the country was liberated. The gross product in the province was 860 million yuan and income was 780 million yuan in 1949,

while the figures were 29.2 billion yuan and 23.6 billion yuan, respectively, in 1988. That is a difference of 19 times and 18 times from the level in 1949. Annual growth rate was 8 percent and 7.6 percent, respectively. The national income of Shaanxi Province now equals half that of China in 1949. If we take more prosperous provinces and cities like Jiangsu and Shanghai as a base for similar comparisons, we discover that their economic strength is comparable to that of the whole of China or several Chinas combined. This is extraordinary. How can one say that "not much good has been done!"

These facts have been widely recognized. But some people have overlooked these hard facts and used the claim of "productivity has a nonregressive nature" as a pretext to say that vertical comparisons are less persuasive than horizontal comparisons. There are many ways to make horizontal comparisons. Some like to compare China's weak points with capitalist countries' strong points: For example, comparing the period of the Great Leap Forward, when the economic policy was seriously faulted, and the period of the Cultural Revolution, when there was massive internal disorder, with periods of stability in the capitalist powers; and comparing China, which has gone through severe disasters in history, has a weak economic foundation, and began reconstruction only 40 years ago, with those capitalist powers which have practiced capitalism for several hundred years and prospered by robbing and suppressing weak nations. Such comparisons disregard China's situation and are biased and erroneous. Their conclusion would certainly say that China is worse than foreign countries and socialism can not compete with capitalism. But how can we believe them?

Comparisons should be made scientifically. When we compare two complex matters, we first have to eliminate elements that can not be compared. The following points have to be noted when we make scientific comparisons between countries:

First, special attention should be paid to the comparability of national conditions and history, without which the comparison would be absurd. A capitalist country in Asia has a national condition comparable to China's. The average annual growth rate of our country's total output value was 9.8 percent from 1980 to 1985, compared to 5.2 percent in that country during the same period. The average annual share of grain per person was 340 kilograms in our country in 1987, while in that country it was 190 kilograms. The average annual production of steel per person in 1987 was 53 kilograms in our country, in contrast to 16 kilograms in that country. I don't think these comparisons would tell us that socialism is not as good as capitalism.

Second, special attention should be made to the very nature of matters being compared. After adopting the socialist road, China has fulfilled a 100-year-old dream of freeing itself from insult by foreign countries and becoming an independent country able to take its own initiative. This is one thing some capitalist countries

could not have achieved at all. The socialist system has enabled the Chinese people to become owners of the means of production, to become the masters of the country. But in capitalist countries, a vast majority of people are still being suppressed and exploited by the capitalist class. Hundreds of millions of Chinese people did not have enough to eat under previous governments, but the socialist system has solved this problem. Even international critics have admitted that "the Chinese Government has made a singular and most extraordinary achievement by enabling its one billion people to have enough to eat." We can see the superiority of the socialist system when we compare socialism on the basis of its nature.

Third, insistence should be made on the correct stand. Contradictory conclusions will occur if comparisons are made from different angles. Supporters of bourgeois liberalism who have a different attitude from the masses will certainly quote the advanced material rewards of capitalism to slander socialism and confuse people's thinking. Therefore we have to keep a clear head to prevent ourselves from being puzzled by their sophistry.

Supporters of bourgeois liberalism often view the mistakes and setbacks that happened during the process of socialist development as "solid proof" of their claim that socialism is inferior to capitalism. In fact, the mistakes were not caused by the socialist system itself. They occurred only because we did not have a full understanding of the characteristics and patterns of socialism. These mistakes served only to explain that we had violated objective laws when we engaged in class struggle, neglected economic development, and deviated from the standard of productivity. They also explained that the rigid system which rejected the need for a commodity economy was wrong. These are problems we have rectified and are trying to resolve. We are now taking steps to perfect the socialist system by carrying out reforms to strengthen the legal system, eradicate corruption, and resolve problems which the people are concerned about. On the other hand, none of the evils inherent in capitalism have been removed in several hundred years. There are many capitalist countries in the world, but few are truly developed. Some have struggled for years without success in ridding themselves of turmoil, war, poverty, and backwardness. Some developed countries have long been troubled by periodic economic crises and social problems such as unemployment and decadent morality. In contrast, we relied on the socialist system to overcome difficulties and correct mistakes. Subsequently, it took us only 30 years to find a way to allow China to develop faster. This clearly explains that the socialist system has a good, self-perfecting mechanism, and it is far superior to the capitalist system.

Needless to say, our economy can not compete with that of some capitalist countries. But this is no basis to conclude that socialism is not equal to capitalism. The speed of our economic development after New China was founded, and particularly during the 10 years after reforms were launched, was not slower than that of some

capitalist countries. The rate of growth of China's gross national product during the period between 1980 and 1986 was much higher than the average world level during the same period, and higher than some Western industrial countries. World Bank statistics released in 1987 said that a census of 119 countries for the period 1980-85 showed that China was first in growth of gross domestic product and agriculture, second in growth rate of the service industry and scope of increase in residents' expenditures, and fifth in industrial growth rate. These statistics demonstrate that the socialist system has effectively promoted China's development, and that China has succeeded, not failed, in taking up the socialist road.

IV. Reforms Must Adhere to the Nature and Direction of Socialism

Since the 3d Plenary Session of the 11th CPC Central Committee, reforms have brought broad changes to our country's economic construction and social development. This fully proves that the implementation of the reforms is the way to liberate social productive forces and achieve the four modernizations. But there has been a struggle between two roads, two views of reforms, on what direction and model we should take to push forward reforms. The reforms we support adhere to four basic principles, while promoting the self-perfecting mechanism of the socialist system and establishing socialism with Chinese characteristics. The reforms supported by bourgeois liberals, on the other hand, betray the four principles, reject the socialist system, and want "totally Westernized" capitalism.

To implement reforms we must adhere to the nature and direction of socialism. This is determined by our country's nature and the aim of the reforms. The Constitution says our country is a "people's democratic socialist country led by the working class and based on the alliance of the workers and peasants." It also says that "the socialist economic system is based on public ownership of the means of production in socialism." Reforms can and must only work toward self-perfection and development of the socialist system. In other words, we, under the guidance of party leadership, eliminate the shortcomings of the traditional political and economic systems step by step and in an organized manner; and establish a lively, vigorous new system suited to the development of a planned commodity economy. This is to give full play to the superiority of socialism, not to reject or change it. As to the fundamental target and demand of the reforms of the economic structure, Comrade Deng Xiaoping has pointed out: "We have always insisted on two basic principles: One is that the economy plays a principal part in the system of public ownership in socialism, the other is sharing prosperity." The fundamental feature of the reforms is its emphasis on an economy based on public ownership. During the process of the reforms, we have allowed individual and private economy to develop and even permitted enterprises with "three sources of funding" to develop. These economic elements, however, can act only as a necessary supplement to the socialist economy. As for a publicly owned

economy, particularly one based on ownership by the whole people, we have proposed a privilege-sharing principle to pave the way for a system calling for multiple levels of responsibility for management. Never, however, will we allow the public-ownership economy to be sabotaged, weakened, or damaged. Our objective is to achieve common prosperity, and the reason we allowed a small number of people to prosper through lawful means, was that people might be encouraged by their achievements and follow their example to obtain prosperity by expanding productivity. We are not advocating or encouraging a polarization of wealth and poverty. As for opening up to the outside, we, on the one hand, encourage the expansion of economic and technological exchanges and cooperation with foreign countries so as to enrich ourselves through absorbing their strong points; on the other hand, we must resolutely prevent harmful elements from sneaking in. In general, only by adhering to the socialist nature and direction can the reforms enable our modernization programs to be more stable, better, or even, to work faster.

Bourgeois liberals who insist on their proposed reforms have nothing in common with us. Their pretext is to reject the socialist system. Fang Lizhi has said in no uncertain terms that "China's reforms should be totally Westernized and the open policy should be put on a full scale." He even declared that "China is in desperate need of a new prime minister." Bourgeois liberals attacked socialist public ownership as "dirt that produces bureaucracy," "a hotbed of corruption and degeneration" and "a cradle of dictatorship." They said China was not liberated, but only had its "problems dismissed." They carried the banner of pushing for reforms and declared that the capitalist mode of production was a "pressing need" for China. Some of them used the tactic of "doing one thing under the cover of another" to advocate their so-called "theory of convergence" in an attempt to obliterate the fundamental differences between socialism and capitalism and to alter the direction of socialism. We should be alarmed that these are not different points in a debate during the search for reforms, but are guidelines for "total Westernization." During the recent turbulence, did someone not make a "declaration on private ownership" and shout "sound the death knell of public ownership soon"? In the past few years, wasn't there someone who shouted until he was blue in the face, praising the operating mechanism of Western countries' market economy as being perfect and scientific? They even used Western capitalist countries as a blueprint for their proposals for China's reforms. On the ownership issue they proposed private ownership of the means of production. On the issue of the operating mechanism in the economy, they proposed a market-oriented free economy. On the issue of economic policy, they proposed a "deficit finance" plan against distribution of national income, attempting to create a trend of extravagant "high spending." On the issue of the open policy toward the outside, they proposed fully introducing Western countries' ideas and materials into China without filtering or selecting them. On the issue of

the political system, they proposed abolishing the leadership of the Chinese Communist Party and adopting the multiparty system and the "three tiers of government" system of the West. If we had adopted their proposals, it would not have been long before the exploitation system, which is based on private ownership, reappeared in China. The economic order would have faced a situation of total chaos, and social ethics would have been eroded and decayed because of the influence of the corrupt thinking and way of life of the capitalist class. If this is the result of reforms, then the reforms would not strengthen our country, but only subjugate it. In fact, as a result of the spread of bourgeois liberal thinking, our reforms have deviated from the socialist direction. This is a profound lesson which must be remembered by heart. From now on, we must fully understand and correctly implement the fundamental policy of "one center, two main points," and firmly adhere to the socialist nature and direction in our reforms, so that our modernization programs can be pushed forward continuously.

The Fundamental Way To Strengthen Ideological and Political Work Is To Educate the People With Marxism-Leninism-Mao Zedong Thought

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[Article by Li Qianyan (2621 0051 0337) and Wu Quanxu (0702 6898 0650), commander and political commissar, respectively, of a certain group army]

[Text] In their reflections on the experience and lessons gained in the last 10 years, people have the strong feeling that we must arduously strengthen ideological and political work in the entire party, the entire Army, and the entire people in order for the party line, principles, and policies to be thoroughly implemented and for the correct direction of socialism to be guaranteed in the new era. How to strengthen it? What aspects to strengthen? When we study the important speech by Chairman Deng Xiaoping of the Central Military Commission of the CPC Central Committee and the spirit of the 4th Plenary Session of the 11th CPC Central Committee, we reflect upon the practice of the Army in ideological and political work in recent years. We feel strongly that the first and fundamental principle is that we must use Marxism-Leninism-Mao Zedong Thought to educate the people. Without Marxism-Leninism-Mao Zedong Thought, political work will have no soul, all the people in China will lose a spiritual pillar, and revolution and construction will drift away from the correct direction.

I

Marxism-Leninism-Mao Zedong Thought reflects profoundly the interests of the proletariat and working people, sets the direction for revolution and construction, and is a theoretical basis for our thinking. Undoubtedly, a fundamental task of ideological and political work is to use it to educate our party members, cadres,

and masses. However, in recent years some people who advocate capitalist liberalization have unscrupulously smeared Marxism-Leninism-Mao Zedong Thought. They hurl the abuse that it is utopian, that it represents only one school of thought, and that it is ossified and conservative. They also claim that Marxism-Leninism is a foreign product of the last century, and that Mao Zedong Thought is a product of the war years and has completed its historical mission. They advocate replacing Marxism-Leninism-Mao Zedong Thought with the so-called "isms" and "schools of thought" of Western capitalist philosophers and thinkers. Therefore, they stir up fads on Freud, Sartre, Nietzsche, and so on. In other words, they try to transplant Western political, ethical, and moral ideology to China. This means that, in the realm of ideological work, they do not use Marxism-Leninism-Mao Zedong Thought to arm the minds of the people, but try to contaminate them with capitalist values and ideology. Some political work cadres feel that it is becoming more and more difficult to do political work and teach politics. It seems that teaching Marxism-Leninism-Mao Zedong Thought is becoming outdated. To address this phenomenon we must first be clear whether Marxism-Leninism-Mao Zedong Thought is "outdated" and whether it should give way to something else. The answer is negative. Marxism-Leninism-Mao Zedong Thought accurately reveals the general laws of development of nature, human society, and human thinking, and it scientifically forecasts future society. It shows the general trends, laws, and direction of the development of human society, not concrete roads and processes. Despite the zigzag course that has emerged in the development of socialism, we cannot therefore conclude that socialism is inferior to capitalism and that Marxism is outdated or not feasible. In the course of more than a century, Marxism has developed from a "strange phantom" hovering over Europe into a powerful force that has profoundly changed world history and will continue to change it. No one can deny this. True, capitalism has developed a great deal since the end of World War II. However, its temporary prosperity has not changed and cannot possibly change the basic contradiction in capitalism. Its inevitable destruction is still an irresistible law of history. Marxism is a scientific system that unites the subjective and the objective, theory and practice, and cognition and behavior. It has not ended the pursuit of truth. Rather, through practice, it continuously explores channels for us to understand the truth. Therefore, as a fundamental stance, viewpoint, and method for observing questions, it will never be outdated. Comrade Deng Xiaoping has pointed out time and again that in the past we relied on Marxism-Leninism-Mao Zedong Thought for revolutionary work, and at present we rely on it to promote modernization. This is a scientific conclusion of historical experience. Be it revolution or modernization, the work must be done by the people. Therefore, it is the paramount task of party organs at all levels to use Marxism-Leninism-Mao Zedong Thought to educate and arm the people.

Some comrades maintain that, although Marxism-Leninism-Mao Zedong Thought has nurtured a few generations of people, it seems ineffective in educating young people today. This is a misunderstanding and a prejudice. Some young people today have been influenced by Western ideas of self-awareness and liberal personality development and are not interested in Marxism-Leninism-Mao Zedong Thought and revolutionary theory. This is all true. However, this phenomenon cannot prove that Marxism-Leninism-Mao Zedong Thought has lost its educational value for the younger generation. What it shows is precisely that we have not effectively imbued them with Marxism-Leninism-Mao Zedong Thought. They do not understand China's past, nor do they really understand China's present. They have not experienced the difference between the old and the new society, so they cannot possibly understand the meaning and function of Marxism-Leninism-Mao Zedong Thought. Therefore, the heart of the matter in our ideological and political work is whether we adhere to using Marxism-Leninism-Mao Zedong Thought to teach the people. The practice of the heroic 6th Company of our Army is an eloquent illustration. Since its formation, the 6th Company has been cited by the Ministry of National Defense and the Central Military Commission of the CPC Central Committee. It is the only company that has twice been awarded the highest honor. In the new situation of developing a commodity economy, many people have become pragmatic and money-minded and pursue material enjoyment. The officers and soldiers of the 6th Company have always remained politically firm and ideologically advanced. They refuse to be contaminated. In the war against Vietnam, they were brave and indomitable and their performance was outstanding. Having experienced life and death, even in peace they are willing to sacrifice and to contribute. They have stood the test of fame and gain. Since 1986, the 6th Company has been awarded a Class-Two Collective Commendation every year. The General Political Department, the military region, and the group army at different times have honored it as an advanced unit in construction at the basic level. More than 20 of its members have been named as soldiers with the four revolutionary spirits, that is, idealistic, cultural, moral, and disciplinary spirits. The company is firm and upright. Social vices and some bad phenomena of the Army have no market at all in this company. Therefore, the 6th Company has formed its own "microclimate." Actually, it has no secret formula. Its fundamental principle is to adhere to keeping Marxism-Leninism-Mao Zedong Thought a compulsory course of study for officers and soldiers. It emphasizes imbuing officers and men with Marxism-Leninism-Mao Zedong Thought as basic common sense. It educates them in communist ideals, the goal of wholeheartedly serving the people, revolutionary heroism, patriotism, and glorious tradition. It also guides its officers and men to establish a revolutionary outlook on life so that their ideological awareness and political quality can be continuously

elevated. This shows that not only can Marxism-Leninism-Mao Zedong Thought educate the older generation, it can also nurture a new generation with lofty ideals and a spirit of contribution. Political and ideological workers must have faith in this and persevere in it.

II

To teach Marxism-Leninism-Mao Zedong Thought to people is a great task rather than a light one. Practical and feasible steps must be taken and long-term, arduous, meticulous work must be done in order for the fundamental theoretical view of Mao Zedong Thought to be deeply rooted in the people's minds.

First, we should organize cadres and soldiers to study works on the fundamental theoretical view. During the war years, the older generation of proletarian revolutionaries read works on Marxism-Leninism one after another whenever they had the chance, whether on horseback or in cave dwellings. The rectification campaign in Yanan was a great campaign to study and teach Marxist theory. After liberation of the nation, the party, at different times, organized the entire people to study Marxism-Leninism-Mao Zedong Thought. However, in recent years, disruption by capitalist liberalization has moved the study of the works of Marx, Lenin, and Mao from its proper place. These works were not available in Xinhua bookstores, but Western works, including indecent ones propagating sex and violence, were on sale everywhere. Now, not only the vast majority and the younger generation, but even many party members and cadres have no basic knowledge of Marxism-Leninism-Mao Zedong Thought. Therefore, the imperative task now is to study it, otherwise we cannot talk about understanding, using, or adhering to it. We must at all times stick to the fundamental principles of Marxism-Leninism-Mao Zedong Thought and the proletarian outlook on life and study the relevant works so as to nurture and establish a firm communist faith, a commitment to wholeheartedly serving the people, the revolutionary spirit of not fearing hardship and being willing to contribute and even to sacrifice, and the great tradition of diligence, plain living, and hard struggle.

In addition, we should also promote the study style of integrating theory and practice, and teach the people to use the basic theoretical view to guide their words and actions so that they are as good as their word. The value of theory lies in its guidance of practice. In the new situation of reform, opening up, and development of a commodity economy, many people cannot distinguish beauty from ugliness, right from wrong, honor from disgrace, public from private, and suffering from joy. It is necessary to help them to use the fundamental stance, viewpoint, and method of Marxism to distinguish right from wrong, draw boundaries, set criteria, raise the ability to identify and resist all kinds of corrupt influences, and build an ideological line of defense against corruption. At present, the priorities should be to establish the lofty ideal of communism and to stop the people from being materialistic and money-minded and from

ignoring the revolutionary ideal; to establish the spirit of being masters of society and contributing to socialism and overcome the commercial philosophy of working according to the amount of money paid; to establish the correct idea of democracy and freedom based on law and order and overcome the lawless view of "democracy" and the subjective view of "freedom"; to establish the vigorous spirit of diligently and frugally building the nation and arduously pioneering and overcome the corrupt ideas of pursuing luxury and materialism; and to establish noble patriotism and national dignity, stick to independence and self-reliance, and overcome national inferiority, national nihilism, and blind worship of things foreign. All these are what we must resolve with Marxism-Leninism-Mao Zedong Thought.

Furthermore, we should actively launch an ideological struggle and firmly establish a proletarian outlook on life through the continuous process of fighting ideological contamination. What is correct often emerges from the struggle against what is wrong. Truth, goodness, and beauty survive in the comparison with and struggle against falsity, evil, and ugliness. To teach with Marxism-Leninism-Mao Zedong Thought is to use its basic theoretical view as a weapon to fight all kinds of nonproletarian ideology. In recent years there has been a relaxation in the ideological and political sphere. The weapons of criticism and struggle have been abandoned. There has been one-sided emphasis on people's natural attributes, and neglect of their social attributes. To understand, care for, and respect people in the abstract sense has become a basic guiding principle in ideological and political work. Because of this, some people have interpreted caring for as pandering to, respect as compromise, and understanding as parroting. People try to be uncritically nice and have lost their sense of principle and combat in ideological and political work. Pragmatism has replaced the spreading of revolutionary principles, and resolution of practical problems has replaced elevation of ideological and political awareness. We tolerate and try to play down others' shortcomings and mistakes instead of helping others by criticizing them and reforming their world outlook. As a result, not all nonproletarian ideology has been overcome and corrected in time. Therefore, we must be firm in our Marxist-Leninist-Mao Zedong standpoint. We must care for, understand, and respect people, insisting at the same time on using advanced ideology to educate. We must observe the principle of material benefits, while strengthening at the same time the role of moral encouragement. We must adhere to educating in a positive way, launching active ideological struggle at the same time. Only in this way can Marxism-Leninism-Mao Zedong Thought firmly occupy the ideological front and be rooted in the people's minds.

III

In order to use Marxism-Leninism-Mao Zedong Thought to educate the people, cadres at all levels of leadership must first arm themselves with it. He who educates others must first educate himself, and he who

corrects others must first correct himself. If leading cadres only tell people what to do, without themselves setting an example, teaching with Marxism-Leninism-Mao Zedong Thought will become mere empty words. We know this very well from the last few years. During these years, some people began to doubt Marxism-Leninism-Mao Zedong Thought. They began to waver. This is largely due directly to the slackening of leadership at all levels, especially at the middle and high levels, in taking the lead to study, spread, and practice Marxism-Leninism-Mao Zedong Thought. Some party members and cadres waver in the face of right and wrong and adopt a wait-and-see attitude. This is due to many reasons, a major one being their poor knowledge of Marxist theory. The bitter lesson has taught us that party members and cadres, especially cadres at the middle and high levels, must have a good knowledge of Marxist-Leninist theory, grasp this theoretical weapon, and systematically study works on the basic principles of Marxism-Leninism-Mao Zedong Thought. Leading cadres should and must make a greater effort to study it, understand it better, grasp it more firmly, and practice it better than rank-and-file party members and cadres. Setting a good example is more convincing than preaching. Only in this way can we effectively teach the entire people.

Some party members and cadres, even some high-ranking cadres, have failed to stand the test in reform and opening up. They use their positions to serve their own ends and become corrupt and wasteful. They have severely damaged and weakened the image and prestige of the party among the masses, as well as gravely dampening the reputation of Marxism-Leninism-Mao Zedong Thought. All the people abhor this phenomenon. Therefore, the leadership at all levels must grasp it and examine their own behavior. We believe that the priority at present is for the leadership at all levels to set an example in passing the "four critical junctures." In the face of distinct right and wrong, they must demonstrate a clear-cut and firm stance and at all times maintain a high degree of uniformity with the party Central Committee in ideology, politics, and action. This is the "political juncture." They should properly exercise the power bestowed on them by the party and the people. They should not use their position to serve their own ends or to form factions. In this way they can pass the "power juncture." They should maintain the political principle of arduous struggle, diligence, frugality, and lofty ideals, and refuse ill-gotten gains. In this way they can pass the "honesty juncture." They should also stick to the goal of wholeheartedly serving the people and overcome bureaucratism, which sets them above and apart from the masses. This is the "public servant juncture." In sum, they should prove through deeds that they are just, honest, and hard working, restore the great image of the party among the masses, and promote the glorious banner of Marxism-Leninism-Mao Zedong Thought.

In addition, leading cadres should take the lead in defending truth and demonstrate the courage to combat

erroneous forces that negate Marxism-Leninism-Mao Zedong Thought. The history of the development of Marxism-Leninism-Mao Zedong Thought is the history of the struggle against all kinds of erroneous ideological forces and its victory. Although the recent counterrevolutionary revolt has been quelled, the struggle between adherence and nonadherence to Marxism-Leninism-Mao Zedong Thought on the ideological theory front and the struggle to win the younger generation is still a long-term one. It is therefore necessary for our cadres at all levels of leadership to maintain a firm political standpoint, a clear-cut party spirit, and a dauntless revolutionary spirit in order to launch a resolute struggle against erroneous and reactionary forces that vilify, slander, and negate Marxism-Leninism-Mao Zedong Thought. This is a stern test of the political quality and theoretical level of each and every leading cadre. Cadres at all levels must place the undertaking of the party, the future of the nation, and the interests of the people above everything else and sacrifice all they possess in defense of truth.

Last, we emphasize that cadres at all levels of leadership must pay special attention to taking the lead in studying the works of Comrade Deng Xiaoping. Comrade Deng is a shining model in adhering to and developing Marxism-Leninism-Mao Zedong Thought. His works truthfully record the new achievement of the party in its adherence to and development of Mao Zedong Thought in the new historical phase. They have added new content and contributions to the treasure of Marxist-Leninist theory. Therefore, using Comrade Deng's theory and viewpoint to educate the people is the same as using Marxism-Leninism-Mao Zedong Thought that has been developed to educate them. It is the same as thoroughly implementing the basic line of the party and nurturing new people with ideals, culture, morality, and discipline. In the context of the recent riot and rebellion, we should especially study the three recent important speeches of Comrade Deng Xiaoping and the speech of Comrade Jiang Zemin at the celebration of the 40th anniversary of the founding of the PRC so as to unify the thinking of the leadership at all levels and of the entire party. We should lead the entire party, the entire Army, and the entire nation in adhering to the spirit of the nation, take the road that leads to a strong China; and advance Marxism-Leninism-Mao Zedong Thought!

Oppose Interference by One Country in the Internal Affairs of Another Under the Pretext of Human Rights—Refuting the So-Called 'Human Rights Have No National Boundaries'

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[Article by Yi Ding (0001 0002)]

[Text] Beijing weather was hazy and cloudy when spring was changing into summer in 1989. A handful of people exploited the student strikes, colluded with overseas counterrevolutionary powers, and started a planned,

organized, and schemed political turmoil. They then provoked a counterrevolutionary riot with an attempt to overthrow the leadership by the CPC, and to dethrone the socialist PRC government. Facing such an extremely critical situation, the Chinese Government first acted by law and imposed a curfew on a certain district of Beijing. Later, it resolutely adopted measures to smash the counterrevolutionary riot, thereby saving the republic, restoring the normal social and work orders, and ensuring that both reforms and modernizations continued to be carried out.

Such acts by the Chinese Government were absolutely justifiable and rational acts of sovereignty, which were understood and supported by an absolute majority of countries in the world. However, certain foreign powers wantonly criticized and interfered with the sovereign acts of the country. Of course, this has drawn strong indignation and counterattack by the Chinese people. They therefore explained that they were just concerned about the human rights; and that since human rights had no national boundaries, their concerns were not an interference in the international affairs of another country.

Human rights was a political slogan and a standard of value in the struggle against feudalism as well as the divine right to rule by clergy by the developing bourgeois in the 17th and 18th centuries. With such bitter lessons gained from the two world wars, the issue of human rights attracted worldwide attention and was given great importance by the international community following the formation of the United Nations. The UN Charter included clauses concerning respect for human rights and fundamental freedoms. Later, a series of human rights documents such as the World's Declaration of Human Rights, the International Convention on Civil Rights and Political Rights, the International Convention on Economic, Social, and Cultural Rights, the International Convention on Prohibition of and Punishment for the Crime of Apartheid, the Convention on the Elimination of All Forms of Discrimination Against Women, and the Convention on the Prevention and Punishment of the Crime of Genocide were executed. These documents indeed played a positive role in realizing the relevant purposes and goals of the UN Charter. However, there have always been acute struggles in the international community focusing on the issue of human rights. Some people always want to interfere in the internal affairs of another country under the pretext of human rights, and attempt to force their ideology and social system on another country. They cooked up various politically and legal "theories" and "bases" in an attempt to explain away their acts of interference, one of which is the saying that "human rights have no national boundaries," which we must criticize so as to correct the public view on the issue.

First, universal and abstract human rights that have no national boundaries or social development stages are simply nonexistent. In fact, there are differences in understanding and interpretation about the basic theory

and concept of human rights due to differences in ideology, social system, and development stage in various countries.

According to the traditional theory of human rights in the West, human rights are interpreted as "natural rights," which are inherent, intrinsic, and undeprivable. According to the Marxist point of view, all rights are a product of history, and are a part of socioeconomic relations in the form of law; and being part of the rights, human rights can only be certain rights held by the class assuming the ruling position recognized and established by law in a country.

In the content of human rights, the West, in its traditional viewpoint, emphasizes the rights of an individual, in which the main focus is civil and political rights. Obviously, such a viewpoint on human rights disregards differences in the level of economic and political development in various countries. Many Third World developing countries put more stress on collective human rights in accordance with their own situation, and hold that collective human rights are the basis of all kinds of human rights, and that it is a precondition for any individual enjoying all rights and freedoms. They also hold that economic, social, and cultural rights are inseparable from civil rights and political rights, and they are equally important; and that to have the full force of economic rights and economic protection is a material condition for realizing individual civil rights and political rights.

Some Western scholars also acknowledge that there are differences in the theory and concepts of human rights. For instance, some scholars believe that "the issue of human rights involves the whole conceptual structure held by each individual about morality and philosophy (or nonphilosophy) whenever it involves any rational interpretation or explanation of a theory or doctrine. So long as the people do not have a unanimous concept or philosophical belief, their interpretations and explanations will conflict with each other."¹ Please always bear in mind that, today, the world's common understanding about the issue of human rights by various governments is so fragile that, "obviously, the international community prefers not to acknowledge the concept of the right to interfere based on humanitarianism. This reflects not only that it prefers not to acknowledge such a right to interfere, under which the right to interfere would be granted to certain countries at the expense of others' sovereignty and the rule of noninterference, but also that there is no widely accepted doctrine on 'what human rights are.'"²

Second, laws on universal human rights that have no national boundaries and that supercede all national laws and regulations are simply nonexistent.

The human rights we are now talking about include all specific rights and freedoms designated by laws and regulations, in addition to the theoretical concept or the standard of value. In today's international community,

every country governs the fundamental rights and freedoms of its citizens through its own legislation, in particular, through its constitution or constitutional documents. The domestic legislation of civil rights and freedoms by a country constitutes the fundamental legal basis for enjoying and realizing human rights. It is thus impossible for the rights and freedoms of an individual to exist without the specific laws and regulations of a particular country, and it is impossible for an individual to advocate and demand protection for his rights and freedoms.

Nevertheless, it is inevitable that various countries reflect their situation in their domestic legislation of human rights because of differences in their history, cultural background, ideology, politics, legal and socio-economic systems, and economic development stages. Sometimes there is even sharp contrast that, under the name of uniform "human rights," various countries often differ in specific laws and regulations on each of the human rights and freedoms.

According to the Western point of view, property rights are the most important part of human rights. Let's take the legislation of property rights in various countries as an example. Similar or entirely different terms and provisions stipulated in the Amendment to Clause 5 of the Constitution of the United States of America, Clauses 2 and 17 of the French Declaration of People's and Civil Rights, Clause 19 of the Constitution of Japan, Clause 14 of the Constitution of the Kingdom of the Netherlands, and so forth, reflect the legislative thinking that "private property is sacred and inviolable". When reviewing the clauses of the 1793 French Constitution on rights concerning "equality, freedom, security, and property," Marx pointed out that "the actual application of the human right of freedom means the human right to private property"; "the human right to private property means the right to wantonly utilize and dispose of one's own properties without the involvement of another person or the constraints of society"; "equality simply means the equality of the above-mentioned freedom"; and security is undertaken for the sake of providing a guarantee for implementing these rights.³ As a part of human rights, the essence of property rights is to protect the capitalist private system.

In a country that adopts the socialist public ownership as its economic system, legislative principle and regulations on property rights are totally different from the above-mentioned legislative principle and regulations. For example, Articles 12 and 13 of the Constitution of the PRC, Articles 10, 11, 12 and 13 of the Constitution of the Union of the Soviet Socialist Republics, Articles 6, 7, 9 and 36 of the Constitution of the Socialist Republic of Romania, and so forth, emphasize socialist ownership by the whole people and collective ownership in the basic law of these countries. They emphasize that public properties are sacred and inviolable, in addition to stipulating that the individual property of citizens is protected by law.

Since every country is different in its domestic legislation on human rights, what is the legal basis for the argument that "human rights have no national boundaries"?

Third, international documents on human rights have not formed a uniform concept about human rights nor formulated any laws and regulations that supercede national boundaries.

Through a large number of UN documents on human rights, such as the World Declaration of Human Rights, the International Convention on Civil Rights and Political Rights, and the International Convention on Economic, Social, and Cultural Rights, the United Nations has played a positive role in "promoting and encouraging respect for human rights and fundamental freedoms for all" (Paragraph 3, Article 1 of the UN Charter). However, none of these documents have defined, and it is impossible for them to define, a uniform concept and laws and regulations on human rights. This is because:

1. The formulation of any international documents on human rights means in itself to play a leading and decisive role in sovereign states. Countries determine through discussions among themselves whether to formulate a particular international document on human rights, as well as its specific content and specific rights and obligations. Nothing may be taken as an international document on human rights if it is formulated without participation by such countries or discussions that reflect the will of sovereign states.

2. An international document on human rights is generally taken as a universal clause, giving countries a larger measure of discretionary power to interpret and apply such documents. In fact, all countries always interpret and apply such documents according to their own situation. For example, British counsel Denning held that clauses on human rights conventions were "general and not defined," and "cannot be actually applicable to British courts, so that it would be better for us to uphold our own laws and principles."⁴

3. An international convention on human rights will be realized only through domestic legislative, judicial, and administrative measures by all contracting states. For example, the International Convention on Civil Rights and Political Rights provides that the contracting state will "adopt legislation or other measures acknowledged by the Convention as necessary for implementation hereof." It is just as I mentioned hereinabove, all laws and regulations on human rights formulated by various countries are often different from one another.

Moreover, proceeding from the fact that various countries accepted the convention with reservations, we may realize that concepts and laws on human rights that have no national boundaries are nonexistent. In fact, none of the UN international conventions and protocols have been accepted without reservation by a contracting state. As many as 30 countries or more accepted the International Convention on Civil Rights and Political Rights,

and as many as 20 countries or more accepted, with reservations, the International Convention on Economic, Social and Cultural Rights, which are taken as the most important international documents on human rights. The attitude taken by the United States toward the convention on human rights is a typical one. For example, the American Bar Association pointed out in a report against ratification of some conventions on human rights: "In essence, human rights are subject to the jurisdiction of the United States," and any "ratification of the Convention on Human Rights would open wide the door for 'intervention by the United Nations in the realm of human rights.'" In another example, the US Congress stated at a meeting on the above-mentioned conventions that "it is suggested that reservations, interpretations, or representations should be made whenever any of the clauses conflicts with U.S. laws," "in order to make the conventions consistent with domestic law." To date, the U.S. Congress still has not adopted the above-mentioned conventions.

The argument that "human rights have no national boundaries" is not only incorrect in terms of theory, but is also untenable in terms of law. Besides, it is very harmful if one takes this in a political point of view or if it is put into practice. People who advocate that "human rights have no national boundaries" say that they are concerned only about human rights and have no intention of interfering in the internal affairs of other countries. Such arguments do not tally with the facts: A country used its embassy to provide shelter for criminals wanted by its host country, impeded the normal justice of the host country, or provided criminals wanted by another country venues to overthrow their own country; or it wantonly commented on and criticized the internal affairs of another country in its own congress, or it took economic sanctions against another country because the internal affairs of that country did not tally with its own concept of value, or it even took the lifting of curfews by another country as a political condition for improving its relations with that country, and so forth. Isn't this the case of wanton interference in the internal affairs of another country, rather than simply being "concerned about human rights in another country?"

On 9 December 1981, the UN General Assembly adopted a resolution on the Declaration on Allowing No Interference and Intervention in Internal Affairs of Other Country, Number 36/103, which provides that "No country or administration has the right to interfere or intervene in the internal affairs and diplomacy of another country in any manner or under any pretext." Special provisions in the Declaration concerning human rights also provide that "All countries shall have the obligation to avoid exploiting or misrepresenting the issue of human rights as a means to exert pressure on other countries or to create suspicion and confusion in or among other countries or administrations." This declaration was adopted by an overwhelming majority. This indicated that to interfere in the internal affairs of another country could not win popular support, and was strongly opposed by an absolute majority of countries.

The contemporary international situation is very complicated, but it can benefit from peace and development. Any country that attempts to force its own concept of value, political belief, and social system on others will inevitably bring about conflict and tension in international relations. Only when the five principles of coexistence, including mutual noninterference in internal affairs, are upheld will relations among nations be healthily developed. The Chinese Government has repeatedly expressed that China will uphold its peaceful diplomatic policy of independence and self-determination, and uphold the principle of reform and opening up, as it has done before. We believe that on the basis of the five principles of coexistence, the friendly and cooperative relationship between China and other countries will be further strengthened and developed.

Footnotes

1. *Human Rights: 30 Years After the Announcement of the World Declaration on Human Rights*, edited in English by Lamuchalan [2139 1191 2686 5693], pp 121-122.
2. *International Law on Human Rights*, by Philip Alston in English, Harvard University Law School, autumn 1986, pp 786-787.
3. *Complete Works of Marx and Engels*, Vol. in Chinese, pp 438-439.
4. See *Obligations Concerning Enforcement of Human Rights Conventions in Domestic Law*, Oscar Schachter, Columbia University Press, New York, 1981.
5. *Ibid.*
6. *Ibid.*

Report From the Home of the 'Overall Contract System'

HK1011045089 Beijing QIUSHI [SEE JING TRUTH]
in Chinese No 20, 16 Oct 89 pp 19-24

[Article by Lu Zixiu (7120 131) 0208] of the Chuxian Prefectural CPC Committee in Anhui]

[Text] Chuxian Prefecture has six counties and one city under its jurisdiction. It has a land area of just over 13,300 square kilometers, a cultivated area of 6.22 million mu, and a total population of 3.604 million, of which 3.067 million are engaged in agriculture. It lies in a subtropical monsoon region, with four distinct seasons, abundant rainfall, and a mild and moist climate suitable to the growth of paddy and a variety of economic crops. It is a traditionally agricultural area. Before liberation, under the oppression of the "three big mountains," the place was a hilly area susceptible to drought and flooding. With famine in 9 out of 10 years, the masses lived in dire poverty. The economy was in a state of depression and was afflicted with all ills. For 40 years since liberation, the people throughout the prefecture

have been waging an arduous struggle under the leadership of the party. Swift development is seen in its agricultural production, and profound changes have taken place in the face of the urban and rural areas, most notably in the last decade. A new socialist countryside full of vitality and showing the beginnings of prosperity is appearing before the people.

30 Years and 10 Years

The history of agricultural development in Chuxian Prefecture after liberation can be divided roughly into two stages: The first stage, which spans the 30 years from 1949 to 1978, is characterized by its fluctuating development. After the agrarian reform and the cooperativization movement, the socialist transformation of agriculture was completed and a new set of production relations in basic conformity with the productive forces was established. Giving full play to their collective wisdom and power, the masses carried out soil improvement, undertook water conservancy construction, and promoted the use of advanced, applicable science and technology. As the conditions of production gradually improved and the ability to fight natural calamities increased, the agricultural economy was seen making steady headway. This laid the material and technical foundation for the further development of agriculture and of the national economy as a whole. Due to the influence of the "leftist" line and mistakes in work, however, the speed of development in this period was not quite satisfactory on the whole, with fluctuations being recorded over an extended period. Some places could not even solve the problem of feeding the peasants. The second stage, which spans the 10 years from 1979 to 1988, is characterized by steady development. Under the guidance of the party's correct line of "one focus and two basic points," the peasants in our prefecture invented and pushed forward the "overall contract system" of responsibility in agriculture. This system greatly aroused the enthusiasm of the peasants in production and enabled the rural economy to develop by leaps and bounds. The face of the urban and rural areas underwent profound changes. In 1988, the total value of industrial and agricultural production amounted to 5.257 billion yuan, up 3.76 times from 1978 and 20.1 times from 1949. Revenue collected amounted to 2.52 billion yuan, up 2.15 times from 1978 and 12.1 times from 1949. The salient changes in these 10 years may be summed up as follows:

Bumper harvests were continually reported, with substantial increases made in terms of both per capita consumption and marketable grain. In 1988, total grain output in the prefecture reached 2.989 billion kilograms, up 1.6 times from 1978 and 6.2 times from 1949. Average per mu yield was registered at 614 kilograms, 384 kilograms and 480 kilograms more than in 1978 and 1949, respectively. Per capita production of grain in the rural areas approached 1,000 kilograms. Over the 10-year period, our prefecture provided the state and the community with more than 10 billion kilograms of marketable grain, over 4 billion kilograms more than the total of 5.835 billion kilograms (including 1.96 billion kilograms of grain resold by the state) sold in the 26 years preceding this period

(calculated from the time the planned purchase and marketing of grain by the state was first introduced). The commodity rate reached 52 percent, and 5.9 billion kilograms of grain were delivered out of the region.

The steady growth in grain production promoted the all-round development of the rural economy. In 1988, the output value of diverse economic undertakings (excluding township and small town enterprises) reached 912 million yuan, up 1.56 times from 1978 and 3.1 times from 1949, accounting for 51.6 percent of the total output value of agricultural production. The output of oil-bearing crops totaled 175 million kilograms, an increase of 3.7 times and 13.6 times over 1978 and 1949, respectively, with per mu yield increasing from 35.5 kilograms in 1949 to 100 kilograms in 1988. The acreage under economic crops other than cotton, oil-bearing crops, and tobacco reached 640,000 mu, about one mu per household. A total of 96 economic crop areas specializing in the cultivation of "three types of garlic" and mat rush were opened. Exploratory projects on "two types of aquatic production and one type of stock breeding" were being developed into serialized regional bases. Some 200,000 mu were under the cultivation of fruit trees. Four orchards had emerged, each with an area of over 10,000 mu, and 39 townships, each with over 1,000 fruit trees. A total of 782,000 mu, or 95 percent of the available water surface, were used for aquatic production. The output of aquatic products reached 32.24 million kilograms, up 31 times from 1949. Swift progress was made in animal husbandry. The number of large draft animals on hand reached 384,000, up 1.27 times from 1949. The number of live pigs raised reached 2.445 million, averaging 4 heads per household, while the number of fowl reached 39.45 million, or 60 per household. Township and small town enterprises developed from scratch and grew in size. In 1988, there were more than 100,000 such enterprises in the whole prefecture, with total output value reaching 3.05 billion yuan, up 40 times from 1978, showing an average annual growth rate of 44.6 percent. Industrial output value reached 1.65 billion yuan, and profits and taxes realized by these enterprises amounted to 290 million yuan, registering increases of 27.4 times and 17 times, respectively, over 1978. The output value of processed farm and sideline products reached 940 million yuan, accounting for 37 percent of the total output value of industrial production in urban and rural areas. The development of township and small town enterprises provided job opportunities for the surplus rural labor force. People working in these enterprises numbered 324,800, while the proportion they constituted in the total rural labor force increased to 23.2 percent from 4.3 percent in 1978.

While major efforts were devoted to the maintenance of a stable rural economy, county-run industries also saw substantial growth. Before liberation, our prefecture had a very weak industrial foundation. All we had were a few factories producing iron and wooden farm implements, some farm produce processing factories, and a small number of brick- and tile-making operations. Through efforts at construction and development over the past 30

years and more, an industrial system covering such trades as foodstuffs, building materials, machine building, light and textile industries, chemical engineering and electronic machines was gradually established. With the establishment in recent years of a large number of large and medium-sized key enterprises specializing in refrigerators, diesel engines, textile production, and textile machines, in particular, the industrial foundation of the prefecture was further strengthened. In 1988, the total output value of industrial operations at and above the township level reached 2.67 billion yuan, up 5.8 times from 1978 and 89 times from 1949. At present, agriculture constitutes 33.7 percent of the total industrial and agricultural output value, while industries above the county level and industries run by townships, towns, and villages constitute 34.9 percent and 31.4 percent, respectively. A tripartite pattern has thus taken shape in the economy of the prefecture.

Following the development of the rural economy, the peasants' income increased steadily and their living standards showed marked improvement. In 1988, the per capita income of peasants in the prefecture reached 530 yuan, an increase of more than 400 percent over 1978. Rural savings amounted to 170 million yuan, or 55.5 yuan per capita. Some 60 percent of the peasants moved into new brick houses. There were 72 bicycles, 32 sewing machines, and 11 radio-recorders among each hundred peasant households. On average, there was one TV set to each 4.6 households. Popular up-market items like refrigerators, color TV sets, and motorcycles also began to find their way into peasant households. From the fragile subsistence type, the peasant's livelihood has made its transition into the affluent type. The appearance of the countryside has taken on a brand-new look. Everywhere it is a scene of prosperity, with the people "merrily eating old grain, building new homes, and taking wives." This contrasts sharply with the scenario before 1978, when most localities had to "depend on grain resold by the state for their food, depend on loans for production, and depend on relief for livelihood," and is a far cry from the miserable situation prior to liberation where people had to flee from famine, beg for a living and sell their children, never had enough to eat, and were dressed in rags.

What Did We Rely on To Develop Agriculture?

The history of agricultural development in our prefecture in the last 4 decades, particularly the profound changes that took place in the past 10 years, have enabled us to realize with increasing clarity that agricultural development cannot do without the guidance of the party's rural economic policies, the party's fine tradition of seeking truth from facts, and the socialist orientation. In the light of the experience of Chuxian Prefecture, I think it is worth our while to draw profound lessons from the following:

First, we must bring fully into play the enthusiasm of the peasants in production, while insisting that the economy be based on the public ownership system.

Peasant households constitute the basic cells of the rural society. Whether they are enlivened has a vital bearing on the prosperity or decline of the rural economy as a whole. On this question, the course we took was a roundabout one because, in our effort to eliminate the household management of production, we adopted the method of expropriation in our economic measures. This method, which infringed on the interests of the peasants, dampened the enthusiasm and initiative of the peasants and caused agricultural production to suffer serious setbacks. In early 1979, the peasants of Fengyang County—a place widely known as the place where Zhu Yuanzhang [2612 033? 3864], the first Ming emperor, rose to prominence, and from where "people with their flower drums tied to their backs, fled in all directions because there were famines in 9 years out of 10"—took the lead in implementing the "overall contract system" of responsibility on the basis of the practices of linking output quotas to each group and contracting output quotas to households. The peasants said, "Overall contract, overall contract, always straight and direct. Provides enough to the state and leaves sufficient for the collectives, and whatever is left over is all ours." This system of responsibility was greatly welcomed by the peasants because it was simple to implement, had a clearly defined scope of responsibility, and offered direct benefits. However, some people queried its socialist orientation. Others even said, "After working so hard for decades, overnight we are back to where we were before liberation." At that time, the view of our prefectural party committee was that the public ownership of land was a basic feature of the socialist economy and that, when judging the nature of an economic form, one should look mainly at its leading sector and see whether the most basic means of production was in public or private hands. The "overall contract system" does not mean dividing the land among the peasants for them to "go it alone." By replacing the previous practice of the unitary system of collective operation with the two-tier system of the collective and household management of production, while insisting on the public ownership of land, which is the most basic means of production, we managed to overcome former malpractices such as "rushing headlong into new projects, dawdling along, giving impractical decisions in production, registering work points by estimation and adopting the equalitarian practice of everybody eating from the same big pot in distribution." Supported and encouraged by Comrade Deng Xiaoping and the responsible comrades of the provincial CPC Committee at that time, we respected the initiative of the masses and backed up the "overall contract system" of responsibility, quickly popularizing it throughout the prefecture, from selected spots to the whole area. As proved by practice, this system of responsibility is suited to the present state of the productive forces and has greatly aroused the enthusiasm of the peasants in production, enabling them to turn their long-suppressed enthusiasm for labor and their creative spirit into a gigantic material force. Agricultural production increased at a rate of 13.9 percent for 6 years

running, and it continued to grow at a steady rate of 4.5 percent for the next 4 years.

From actual practice, we came to the profound understanding that being able to represent the interests of the people and enliven the cells of rural households should be the starting point and point of return in all rural work. It was based on this understanding that we paid great attention to the maintenance of policy continuity and consolidated and developed the "overall contract system" of responsibility these past 10 years.

The first thing we did was to stabilize the contracted responsibility system based on the household. After 1985, we encountered all sorts of difficulties in the second step of our rural reform. This led some people to think that the household contract system had already fulfilled its historical mission. Some advocated the pooling of land for large-scale management. Others advocated dividing the land among the peasants for them to "go it alone" and permitting the private ownership of land. Bearing these suggestions in mind, our cadres at various levels went deep into the realities of life to conduct investigations and study, analyze the new situation, and solve new problems. The consensus was that the household contract system was suited to the present level of the development of the productive forces in our prefecture and that its potential was far from being fully tapped. We would only be rocking the boat by rashly coming up with new ideas and effecting changes, for this would dampen the heightened enthusiasm of the peasants and strangle the invigorated rural economy. It was based on this understanding that we had all along taken the stabilization of the household contract system as our protracted strategy in rural work, and made a continuous effort to improve this system of the basis of stabilization.

We next established a system of socialized services and intensified the functions of "unified central planning." Instead of slackening our leadership over rural work after the institution of the system of responsibility in the rural areas, we universally introduced the personal responsibility among the cadre ranks. This system, together with the household contract system and the economic contract system, were commonly referred to as the "three systems." Following the development of the commodity economy in the countryside, there were increasing demands from the peasants for socialized services. After 1985, on the basis of the consolidation and improvement of the "three systems," we also reinforced the system of management by objective during a cadre's tenure and various forms of service-oriented systems of economic cooperation. Through simultaneous development of these five systems, we were able to continuously improve the operating mechanism of the rural economy based on the "overall contract system." With districts, townships, and small towns as units, agricultural technology, rural economy, rural machinery, animal husbandry and veterinary science, rural power and rural water conservancy stations, as well as township and small town enterprise companies handling material

supplies were established. Within limits, we also exercised "unified control" over the following six aspects: Unified arrangements for crop rotation, unified supply of fine species, unified organization of water conservancy construction, unified prevention and treatment of insect pests and diseases, unified contracting for the prevention and control of epidemics among animals and fowls, and unified popularization of science and technology. These took care of matters that cannot be done or done properly by individual households. Thanks to the concerted efforts of leadership at different levels and various types of service groups at providing good services, the vitality of household operations in our prefecture was sustained and brought fully into play.

While persisting in devoting major efforts to developing the collective economy, we also permitted the appropriate development of the individual economy. After the institution of the "overall contract system" of responsibility, collectively owned resources and property such as hill farms, water surfaces, and enterprises were contracted out through various forms of contracted management, such as combination contracting, contracting by large households, and contracting by tender, without changing the property rights. In this way, the collective economy was consolidated and developed. As for township and small town enterprises, we insisted on developing mainly collective enterprises run by townships, small towns, and villages. In 1988, the industrial output value of these collective enterprises reached 1.074 billion yuan, which accounted for 65 percent of the total output value of township and small town industries.

That the rural economy is constituted mainly by the collective sector does not imply that the higher the degree of public ownership the better. As the present state of the productive forces shows, permitting the appropriate development of the individual economy will give the necessary and beneficial supplement to the socialist public sector. In the second half of 1982, various types of specialized households, households with combined occupations, and new economic associations sprang up following the complete liberation of the rural productive forces. At the same time, privately run service and transport operations also emerged and contributed their share toward alleviating the difficulty of buying and selling things in the rural areas and enlivening the urban and rural economy.

Second, we must stabilize the position of agriculture as the foundation of the economy, keep up a steady increase in agricultural investment, and continue to build the stamina of agricultural development.

Over the years, we have always maintained a firm grip on agriculture, assumed overall control over the economy, properly handled the relationship between grain production and diverse economic undertakings, and gradually optimized the internal structure of agriculture. Diverse economic undertakings can promote the favorable cycle of economic development in the rural areas. However, for a time there was the tendency to

overlook grain production in a number of localities. To this end, the prefectural party committee put forward in 1983 the development strategy of "grasping 625 (at that time there were 6.25 million mu of arable land in the whole prefecture) and opening up 133 (our prefecture has an area of 13,300 square kilometers)," and worked out a series of measures aimed at giving full scope to the superiority of agricultural production and actively developing diverse economic undertakings in an effort to increase production, output value, revenue, and economic returns. In agricultural production, efforts were made to appropriately reduce the area under upland crops and increase the area under paddy rice, reduce the acreage under conventional crops and increase the acreage under fine species, increase the multiple-cropping index, and raise the level of scientific farming, with the main thrust directed at increasing the per unit area yield in order to achieve a steady increase in output. In diverse economic undertakings, in addition to grasping the cultivation or breeding of conventional species, efforts were made to encourage the peasants and cadres to head for "the three barrens" (barren hills, barren water surfaces, and barren sandbanks) and "four edges" (the edges of villages, roads, fields, and ponds), and energetically engage in developmental agriculture through such measures as unified planning, contracting by large households, joint stock operations, and joint development.

The development of agricultural production depends on an increase in the input of various production factors. In the 30 years after liberation, 44 large and medium-sized reservoirs with a total capacity of more than 1 billion cubic meters were built in the prefecture. Because of the lack of relevant supporting facilities, however, they failed to produce the desired results. In 1978, only 2.48 million mu of farmland had guaranteed good yields irrespective of drought or excessive rain. The work of popularizing agricultural science and technology was also rather lackluster, and the level of mechanization was very low. After the introduction of the "overall contract system" of responsibility, the change in the main body of investment made the increase in agricultural input that much more difficult. In light of the changed situation, we persisted in helping the people solve ideological problems, guiding the people with policies, combining centralization and decentralization, making use of both economic and administrative means, promoting the simultaneous development of state, collective, and individual undertakings, and developing new sources of factor inputs. In the matter of the investment of funds, the peasants in this prefecture have invested a total of 210 million yuan in irrigation, power, roads, and other rural capital construction projects since 1979, in addition to the inputs of the means of production. In the matter of labor input, between 300,000 and 400,000 people were organized to take part in farmland water conservancy and road construction every winter and spring, completing 350 million cubic meters of earth-and stoneworks in the last 10 years, equivalent to 510 million yuan in labor charges. Over 30,000 large and

small projects were built or overhauled, and a number of mechanized or power-operated irrigation stations were built. As for scientific and technological input, scientific and technological popularization leading groups comprising leading cadres, relevant departments, and professional scientists were established at various levels to develop vocational education and specialized courses in technology. By grasping training, distributing handouts, giving demonstrations, offering technological consultation, developing technological contracting, and other means, the use of applicable scientific and technological knowledge was popularized. This brought about a marked improvement in the scientific and cultural standards and skills of the laborers. In recent years, 12 projects, including the cultivation of hybrid rice, the breeding of saplings in two stages, phototropic cultivation, and the method of sowing wheat in deep ditches with moderate moisture, were popularized, thereby increasing the proportion of the factor of scientific and technological progress in economic growth.

Because of our unremitting efforts to vigorously grasp the input of various production factors, the conditions of agricultural production in the prefecture greatly improved. The ability to fight natural disasters also increased considerably. Some 73.5 percent of arable acreage were brought under effective irrigation. The acreage of fields ensured of stable yields despite drought or excessive rain reached 3.02 million mu, averaging 1 mu per peasant. All townships and more than 90 percent of villages and teams were supplied with electricity. Roads with a total length of 11,000 kilometers were built, and the total capacity of agricultural machinery reached 980,000 kilowatts, up 1.6 times from 1978. The gradual improvement of agricultural infrastructure and the improvement in the technical qualities of peasants created excellent material and technical conditions for the further development of agricultural production.

Third, we must strengthen the building of leading groups at various levels and fully bring into play the leadership role of party core groups.

An important reason why agricultural production developed steadily in our prefecture was that we attached great importance to and strengthened the building of leading groups at various levels, thereby enabling party organizations at various levels to bring fully into play their role as fighting bastions in the development of the rural economy and to become the core leading the masses in overcoming poverty and becoming prosperous. In organizational development, we upheld the principle of overall stability and individual readjustment to maintain the relative stability of the leading groups. In particular, we paid attention to the role of veteran comrades, fully drawing on the rich experience they accumulated through long years of practice. At the same time, in accordance with the principle of making the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent, we also promoted outstanding young cadres with ability, political integrity, and excellent administrative

track records to leadership positions at various levels in order to realize the orderly replacement of old cadres by the new. In ideological development, we insisted all along on making full use of the prefectural, county, and township party schools. Every year, cadres at and above the village level were trained in stages and in groups in a planned and systematic way. They were educated in the party's basic knowledge, in the basic line, in the spirit of honestly discharging one's official duties and the spirit of hard struggle, in the knowledge of commodity economy, and so on, in an effort to enhance their political quality and ideological awareness so they could bring fully into play their exemplary vanguard role in socialist construction. In the development of work style, efforts were made to provide a standard for cadres at various levels through the establishment and improvement of various rules and regulations, such as the system of the party's democratic life meetings, the system of double organizational life meetings for leading cadres, the system of democratic assessment of party members, and the system of clean government. Through these systems, the cadres were able to consciously accept supervision from the masses, maintain and carry forward the fine traditions of integrating theory with practice, maintain close ties to the masses, make criticism and self-criticism, and wholeheartedly serve the people. Because we paid attention to strengthening party building, the leading groups of party and government organizations at various levels in the prefecture were always full of vitality.

We Have Great Confidence in the Prospects of Agriculture

At present, agricultural production in our prefecture has reached a fairly high level. Accumulation and development over the past years have laid a solid foundation for future development. We are convinced that as long as we adhere to the party's line of "one focus and two basic points" and combine firm political conviction with down-to-earth work, the prospects of agriculture in our prefecture cannot be better.

1. On the basis of continued efforts to put the household contract system on a solid footing, we should gradually introduce the mechanisms of enterprise management and strive to achieve better economic results in agriculture. In many places, the sense of involvement and investment behavior of the peasants are not in keeping with the requirements of the development of the commodity economy. This is reflected mainly in the fact that they have a weak concept of input and output, and economic results are way behind the anticipated level due to loose management. After the introduction of the mechanisms of enterprise management, every production unit will be required to carry out all-round economic accounting. This method seeks to increase the absolute total quantity of products and benefits through input, and to increase the relative total quantity of benefits through strict budgeting and the reduction of costs. The ultimate objective of these two tasks is to increase labor productivity and to maximize economic interests. Since last spring, we have been conducting experiments in this

respect. Through publicity and mobilization, the broad masses are helped to understand enterprise management, cultivate the concept of "production cost, economic accounting in management, input and output, and added value of products," and to gradually develop the household into an entity of commodity economy with its own accounting, seeking its own benefits. These experiments have produced good results. We plan to sum up experience in the fall, and then gradually popularize this experience in the whole prefecture in a planned and systematic way.

2. We should do a good job in the overall planning and coordination of education in agricultural science and technology. The sustained development of the rural economy and the further improvement of productive forces depend on the development of human resources. This requires that we end the present state of affairs where education, science, and technology fail to keep in step with economic development. We should bring the system of personnel training and the system of scientific and technological popularization into line with the development of the rural commodity economy, bring into play the superiority of concerted efforts, train up a labor army with some knowledge of culture, science, and technology, promote technological progress, and quickly translate science and technology into productive forces. At present, we are engaged in the following four tasks: First, a number of counties and cities are working together to turn a full-time middle school into a vocational school for agriculture, science, and education. Recruitment has just begun. Second, practical technical training is provided to young intellectuals who have returned to the rural areas and to demobilized soldiers. Third, continuous efforts are made to do a good job of providing in-service training to staff and workers. Fourth, scientific and technological personnel are mobilized to go to the countryside to run projects under the "spark program" or undertake scientific and technological projects for peasant households through contracting.

3. We should promote the coordinated development of agriculture, industry, and commerce by joining the different links in agriculture, thereby enabling the superiority of different trades in the countryside to supplement one another. At present, we plan to concentrate on the following two areas: First, under the guidance of the state plan and proceeding from the superiority of our own prefecture, we will strive to develop the processing of farm and sideline products in the light of market demands. With our principal products as major links and the key enterprises as the basis, we will mobilize the peasant households in their tens and thousands and create an economic pattern with the "dragon head" leading the "dragon tail," thereby truly turning our superiority in raw materials into a superiority in commodities and realizing the value appreciation of farm and sideline products by means of multiple processing. Second, centering on agriculture, we will run service organizations and enterprises to provide agriculture with serialized services before, during, and after production.

The area of service will include the supply of fine breeds, the procurement and marketing of goods and materials, the popularization of science and technology, and the provision of storage and transport facilities. Although these enterprises may not yield as many direct benefits as other industrial and commercial projects, they will produce good macroeconomic results and promote the coordinated development of different trades in the countryside. They will not only accumulate funds for the development of agriculture, but will provide an outlet for the surplus labor force in the rural areas.

4. We should strengthen the building of the party's grassroots organizations in the countryside and ensure the smooth development of socialist agriculture. Through a strict system of organizational life and training by groups and by stages, we should grasp the ideological education of party members, raise their political quality, and help them strengthen their belief in communism, firmly bear in mind the purpose of wholeheartedly serving the people, carry forward the spirit of selfless devotion, and bring fully into play their exemplary vanguard role. In accordance with the policy of making the ranks of cadres more revolutionary, younger, better educated, and more professionally competent, we should grasp the building of the party branch in the rural areas, further readjust and strengthen the leading bodies in these areas, and enhance their combat effectiveness. In accordance with the principle of being strict in running the party, we should take further steps to improve the various rules and regulations, do a good job in the democratic assessment of party members, commend the advanced party members in a big way, and remove those party members who are not up to standard, in order to maintain the purity of the party. In short, we should, through strengthening the party's grassroots organizations, further revitalize the party branches in the countryside and enable them to lead the broad masses in developing the socialist rural commodity economy with vigor and vitality.

A Brief Talk on the Socialist Public Ownership Economy

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[Article by Su Xing (5685 2502)]

[Text] 1. The Establishment and Development of the Public Economy in China

Having gone through protracted armed struggle, the Chinese Revolution gradually established revolutionary bases in the countryside, encircled the cities from the countryside, and finally seized the cities. In order to ensure supplies, the state-owned economy (also called publicly owned economy) emerged in the revolutionary bases toward the end of the 1920's. This state-owned sector of the economy was constituted mainly by the accumulation of labor performed by the soldiers and cadres themselves, and expanded as the revolutionary

situation developed. Although this sector accounted for only a small part of the national economy at that time, it gave us experience and gave our cadres training. "This is a priceless treasure that cannot be measured in terms of numbers."¹ China's socialist public ownership economy was established and developed mainly after the seizure of political power by the proletariat. It was established in line with the Marxist principle of expropriating the expropriators and on the basis of the abolition of the bourgeois system of private ownership of the means of production. There were two ways in which we expropriated the expropriators: the confiscation of bureaucratic capital and the redemption of national capital.

The bureaucrat-capitalist economy referred to the comprador, feudal state-monopoly capitalist economy controlled by the bureaucrat bourgeoisie represented by the Chiang, Sung, Kung, and Chen families. It took shape well before the outbreak of the War of Resistance Against Japanese Aggression, but reached its peak development after the war when the Kuomintang reactionary government took over the enterprises set up by Japan, Germany, Italy, and other imperialist countries in China. On the eve of liberation, two-thirds of Chinese banks were under the control of bureaucrat capital. Bureaucrat capital also controlled two-thirds of the total industrial capital and 80 percent of the total fixed capital in industrial and transport establishments.² In his report to the 2d Plenary Session of the 7th CPC Central Committee, Mao Zedong pointed out, "The confiscation of this bureaucrat capital and its transfer to the people's republic led by the proletariat will enable the people's republic to control the economic lifelines of the country and will enable the state-owned economy to become the leading sector of the entire national economy. This sector of the economy is socialist, not capitalist, in character."³

The confiscation of bureaucrat capital was, insofar as it eliminated the comprador and feudal nature of that capital, an essential task in completing the democratic revolution, but it was already a task of the socialist revolution in its elimination of the monopoly capitalist economy. With 80 percent of the fixed capital transferred over to the people's republic, most capital in China was under public ownership. In 1890, Engels said, "Once we have seized political power and have sufficient supporters among the masses, it is possible for public ownership to be speedily realized in modern industry and in modern agriculture in the form of plantations. The other sectors will also be able to do the same sooner or later. With modern industry, we can control everything."⁴ Through the confiscation of bureaucrat capital and the establishment of the socialist state-owned economy under public ownership, the political power of the dictatorship of the proletariat secured its economic foundation and the material force that enabled it to "control everything."

China's national capital and bureaucrat capital were different, and during the democratic revolution stage

and in the socialist revolution stage, they had different natures. It was both necessary and possible to buy them out.

The 2d Plenary Session of the 7th CPC Central Committee pointed out that, after a nationwide victory has been won and the agrarian problem has been resolved through the Chinese revolution, the basic contradiction at home is the contradiction between the working class and the bourgeoisie. This is a correct conclusion. However, at that time, we were concerned only with the use and restriction of private capital. We were also told not to impose excessive or unduly strict restrictions or to be led into believing that private capital would disappear before long. It was reckoned that the socialist transformation of capitalist industry and commerce would take a fairly long while.

The development of the situation subsequent to this turned out to be more difficult than was first anticipated. The process of the socialist transformation of capitalist industry and commerce was expedited by the following events:

First, private enterprises encountered difficulties following the centralization of financial and economic power and the stabilization of prices in 1950. In the course of readjusting industry and commerce, the state expanded its dealings with privately run industries by placing orders with them for the processing of materials, the manufacture of goods, becoming their sole agent, or purchasing their goods. In 1950, the output value of these dealings reached 2.1 billion yuan, up 1.6 times from 810 million yuan in 1949. The figure continued to go up steadily in subsequent years.

Second, after the "three-anti" and "five-anti" movements, the state took steps to speed up the development of joint state-private industries while expanding its dealings with privately run enterprises by placing orders with them for the processing of materials or the manufacture of goods. In 1949, joint state-private enterprises accounted for only 3.1 percent of jointly operated and privately run industries. The figure rose to 7.4 percent in 1951 and to 11.5 percent in 1952, when all privately run banks, with the exception of a few Overseas Chinese banks, were placed under joint management.

Third, starting at the end of 1953, the state gradually brought grain, oils and fats, and cotton under planned purchase and sales. Private retailers dealing in these commodities were made marketing and sales agents instead.

Thus, by 1955, just prior to the socialist upsurge, the output value of joint state-private operations already accounted for 49.7 percent of the total output value of all joint operations as well as those not yet placed under joint management. Their capital made up 69.8 percent of the total capital of all joint operations as well as those not yet placed under joint management. In other words, prior to the socialist upsurge, 70 percent of the private

capital had already been brought under joint state-private management, with only the remaining 30 percent to be taken care of. No doubt the upsurge of the socialist transformation of capitalist industry and commerce was spurred on and influenced by the socialist upsurge in the countryside, but it also had its own logic of development. On this point, Comrade Wu Chengming's [0702 2110 2494] analysis was: "At this juncture, the biggest problem confronting us was the contradiction between joint operations and those not yet placed under joint management. In those days, after a factory was placed under joint management, its output value in the first year was on average 30 percent more than what it was before joint operation. This put many of the small private operations in the business in a tight spot. There were cases when the capitalist had such a hard time they did not even have the money to pay wages. The contradiction was even more acute in the commercial sector. To resolve this contradiction, the Central Committee put forward in the second half of 1954 the principle of "taking into consideration the interests of all concerned and making all-round arrangements," and put forward in the first half of 1955 the policy of "eating grapes" (that is, departments responsible for state-run operations are to take charge of the production and operation of private undertakings in their respective trades). In the second half of 1955, joint state-private management of industry and commerce was tried out in Shanghai and Beijing. Thus, joint operation was not something created during the upsurge of a mass movement, but was the all-round popularization of the above experience."³ That explained why production and operation still registered increases despite the slow pace in development of joint operations.

In the upsurge of the socialist transformation of capitalist industry and commerce, shortcomings and mistakes also occurred. For instance, the scope of joint operation was too large, the extent of reorganization was excessive, and too few restrictions were imposed on personnel from the private side. On the whole, however, the transformation was a success. It translated into reality the idea advocated by Marx more than a century ago of expropriating the expropriators by means of redemption. After the October Revolution, Lenin also wanted to do the same, but his plan fell through due to the resistance of the bourgeoisie. We turned it into reality. The results would have been much more spectacular had not our endeavors been interfered with by the subsequent Great Leap Forward and Cultural Revolution. After the 3d Plenary Session of the 11th CPC Central Committee, the mistakes made in the course of transformation and in the years thereafter were corrected. Furthermore, proceeding from the actual conditions in China, the proper development of the private economy was permitted as a useful and necessary supplement to the socialist economy. This is completely necessary. However, we must not use this as an excuse to negate the historical inevitability of the socialist transformation of capitalist industry and commerce, or, still less, call it "a course of remedy for socialism."

Through the above two channels, the state-owned economy under the socialist system of public ownership was established in our country, quickly becoming the leading sector of the national economy. It grew stronger and stronger in the course of the last 4 decades thanks to the selfless labor, frugal way of life, and accumulation of labor of the Chinese people. Statistics show that between 1950 and 1988 the state invested a total of 2,153.8 billion yuan in fixed assets under public ownership; 4,393 large and medium projects were completed and put into production; and the value of newly increased fixed assets reached 1,561.9 billion yuan. This enormous material wealth constitutes the economic lifeline of our country. We must rely on it to develop and strengthen the socialist economy and to gradually improve the material and cultural life of the people. We did so in the past, are doing so at present, and will do the same in the future.

2. The Nature of the Public Ownership Economy

The public ownership of the means of production means that the means of production are owned by all working people, including the workers, peasants and intellectuals. This is, in fact, quite self-explanatory. Why do we still have to discuss its nature?

The reason is that for some time now it has been argued that property rights are neither clear nor explicit under the public ownership economy, and interests are not direct. The system has been described as a "fictitious public ownership system" or an illusory ownership system where there is "no real owner," and reestablishment of the "personal ownership system" has been called for. For this reason, discussion is necessary.

First of all, public ownership means ownership by all members of society, where "everyone has a share." It is not true that there is "no real owner." In terms of its origin, it represents the accumulation of the labor of all members of society. In terms of its function, its entire product and proceeds are enjoyed or shared by all members of society. I support the following view: "Socialist laborers, or joint owners, are owners with no parallel in the past; they are owners without private ownership. First, they do not privately possess, use, or dispose of any part of the commonly owned means of production. Second, they will not cash in on their ownership of a given amount of the means of production in order to obtain income. They share the common fruits of labor through participation in labor."⁶ The argument that it is neither clear nor explicit in fact views the system of public ownership from the angle of private ownership. According to the concept of private ownership, something is yours only when you can call it your capital or when it is directly possessed by you and is for your own use. (The clarification of property rights between enterprises as legal persons is of a different nature.)

As a matter of fact, all awakened workers, peasants, and intellectuals are aware that property under public ownership is theirs. They know that natural resources such as

mineral resources, water, forests, hills, pastures, wasteland, and sandbanks and shoals are the property of the people as well as their own property. They also know that state-owned industrial and mining enterprises, commercial and foreign trade enterprises, communications and transport enterprises, banks, posts and telecommunications, and farms are the property of the people as well as their own property. Hence, they make a conscious effort to save every drop of water and every unit of electricity, love their factories as their own homes, cherish public property as their own, and resolutely fight against the destruction of public property. This is a new concept developed by the working people on the basis of the system of public ownership of the means of production. We must cultivate this concept. Lenin had this to say in *A Great Beginning*: "Communism begins when the rank-and-file workers display an enthusiastic concern, undaunted by arduous toil, to increase the productivity of labor, husband every pod of grain, coal, iron, and other products, which do not accrue to the workers personally or to their 'close' kith and kin, but to their 'distant' kith and kin, that is, to society as a whole, to tens and thousands of millions of people united first in one socialist state, and then in a union of Soviet republics."⁷

The system of private ownership of the means of production is safeguarded by the concept of private ownership developed over the past millennia. The system of public ownership of the means of production must rely on the concept of public ownership for its safeguard. If the workers, peasants, and intellectuals do not regard property under public ownership as their own property, regarding instead such ownership as fictitious and as some kind of alienation, they will not be able to cultivate the sense of responsibility as masters of the house, consciously safeguard this system, and wage a struggle against all acts of destruction of public property. At present, people are still unlawfully felling trees in state-owned forests, sabotaging power transmission lines, indiscriminately excavating state-owned mineral resources, offering and taking bribes, and taking illegal possession of public property despite repeated bans. Of course such acts of doing damage to state property must be brought under control by legal means. But this is not enough. The most important thing is to make the workers, peasants, and intellectuals (particularly the peasants) realize on the theoretical and conceptual level that public property is theirs and that everyone must consciously step forward to protect such property. Toward those people who are squandering state property, we must raise our voice and shout: Stop it, citizens! You are stealing what is yours!

The following lines written by the great Soviet poet Mayakovski after the October Revolution are always fresh in my mind: "Big streets—they are mine. Buildings—they are mine." "My cooperative is doing good business. It has abundant funds and is doing very well indeed."⁸ Citizens of any socialist republic should have this sense of pride.

Next, let us examine the question of direct interests. The realization of the system of public ownership in the economy means that products will belong primarily to all the people. The principle of the distribution of products was clearly explained by Marx when he criticized the Lassalleian catchword of "undiminished proceeds of labor" in *Critique of the Gotha Program*. From the total social product must be deducted a portion for the replacement of the means of production used up, an additional portion for expansion of production, reserve or insurance funds to provide against accidents, dislocations caused by natural disasters, and so on. This is necessary to guarantee the necessary conditions for carrying out socialist simple reproduction and expanded reproduction. Before this part of the means of consumption is divided among individuals, further deductions have to be made for the general cost of administration not belonging to production, that which is intended for the common satisfaction of needs, such as schools, health services, and funds for those unable to work. After all these deductions, the laborer will then be allowed to receive his payment in accordance with his individual share of labor given to society. In enterprises under public ownership, only a proportion of the staff and workers will be paid on the basis of the principle of distribution according to work for the labor they performed there. As far as this group of staff and workers is concerned, the benefits obtained from the enterprises are direct. There are, however, benefits that are not directly obtainable, and these are the portion of the fruits of labor they contribute to society for expanding reproduction and for social consumption, that is, to their "distant" kith and kin, before they receive their personal income. To whom does this portion of the fruits of labor belong? In the final analysis, it still belongs to the laborer himself. The reason is that "what is deducted from the producer as a private individual will benefit him either directly or indirectly as a member of society."⁹ Herein lies the superiority of the socialist system. Under the capitalist economy, surplus value belongs to the capitalists and other exploiters. But, under the socialist economy, "surplus product does not belong to the class of private owners; it belongs to all working people and to them alone."¹⁰

Some people hold the view that the system of personal ownership must be reestablished in order that the staff and workers may benefit directly. They also claim that this view originates from Marx's *Das Kapital*. According to these people, this ownership system, which embraces both public and private ownership, can enable everyone to be clearly aware of his or her own interests.

As far as I know, Marx never said anything about this system of ownership of the means of production. The individual ownership system discussed by Marx in *Das Kapital* was explained by Engels when Marx was still around. In *Anti-Dühring*, Engels criticized Dühring for arbitrarily attributing to Marx the so-called "system of ownership which is at once both individual and social." Engels said, "To anyone who understands plain talk this

means that social ownership extends to the land and the other means of production, and individual ownership to the products, that is, the articles of consumption. And in order to make the matter comprehensible even to children of six, Marx assumes on page 56 'a community of free individuals, carrying on their work with the means of production in common, in which the labor power of all the different individuals is consciously applied as the combined labor power of the community,' that is, a society organized on a socialist basis. And he continues, 'The total product of our community is a social product. One portion serves as a fresh means of production and remains social. But another portion is consumed by the members as a means of subsistence. A distribution of this portion among them is consequently necessary.' And surely that is clear enough even for Herr Dühring, in spite of his having Hegel on his brain."¹¹

Engels explanation was endorsed by Marx. People may put forward this or that view regarding the socialist ownership system, but they may not attribute their views to Marx.

In my opinion, the unification of the systems of public and private ownership of the means of production is theoretically untenable and does not exist in actual economic life. As systems of ownership, public ownership and private ownership are opposed to each other. Transitional forms of ownership did emerge during the periods of transition from public to private ownership or from private to public ownership. An example of the former was the emergence of rural communes at the end of the primitive society. An example of the latter was the emergence of elementary agricultural producer cooperatives in China and a number of East European countries. But even in these cases, public ownership and private ownership were clearly demarcated, and there was no such thing as a system of ownership that is at once individual and social. As for joint stock companies in capitalist countries, they are simply based on the system of private ownership of the means of production (regardless of whether the shares are held by the capitalists or the workers), and the question of public ownership simply does not occur.

In China, some people favor the idea of dividing property under public ownership into shares. It is argued that by dividing the assets among the staff and workers through the shareholding system, the concept of achieving the coexistence of public and private ownership can be translated into reality. This is, in fact, the idea of "privatization," which simply cannot work. Property under public ownership is property owned jointly by the workers, peasants, and intellectuals. It is not the property of the staff and workers of enterprises. (According to figures released by the State Statistical Bureau, agricultural taxes handed over by the peasants in the last 40 years totaled 118.9 billion yuan.) Imagine turning the property of the 1.1 billion people into shares held by just over 0.1 billion staff and workers. In fact, this is not what the pilot enterprises which are currently trying out the shareholding system are doing. The way

they go about it is to issue state-owned shares, enterprise shares, and individual shares, a method that can ensure that property under public ownership is not divided. Although state-owned shares and enterprise shares are held publicly and individual shares are held privately, it is not a system of public and private ownership of the means of production.

3. The Consolidation and Development of the Public Ownership Economy

The public ownership economy has been in existence in our country for 40 years since the birth of New China. For some time (such as during the period of recovery and the First 5-Year Plan period), development was excellent. Even in periods of mismanagement (such as during the Great Leap Forward and the Cultural Revolution), many enterprises still performed very well. After the 3d Plenary Session of the 11th CPC Central Committee, enterprises were invigorated by the reform of the economic structure, and a new momentum of development was seen in most enterprises under public ownership. It does not tally with reality to assert that the state-owned economy under public ownership is devoid of any merit and is doomed.

Of course I do not mean that, as a system, the public ownership economy did not have any defects in the past. As I see it, its biggest defect lies in overcentralized management and the lack of vitality on the part of enterprises. Reform is therefore necessary.

The aim of the reform of enterprises under public ownership is to appropriately separate the power of operation from ownership. Enterprises should be given the power of operation so they can make their own management decisions and assume sole responsibility for their own profit and loss, and will have the ability to accumulate, transform, and develop on their own initiative. In this way, enterprises will be invigorated. The specific forms to be adopted may be based on the nature, scale, and technical features of individual enterprises. Experience with reform over the past years indicates that the contract system is better than most other forms.

The contract system has also undergone a roundabout course. With hindsight, we may say that enterprises that persevered in this system and constantly made improvements on the basis of stabilization had all achieved satisfactory results. An outstanding case in point is the Capital Iron and Steel Company in Beijing. The company began implementing the contract system in 1979. It later also adopted the practice of progressively increasing the fixed quota of profits to be handed over to the state. Under this practice, the amount turned over increases at an average rate of 8.2 percent annually from the base figure, which is the difference between profits reaped in the preceding year and the amount of profits left to the disposal of enterprises in the current year (no more than 12.9 percent of total profits). Profits above quota are left to the disposal of enterprises after the payment of taxes and fees, such as contributions toward the energy and

transport development fund and the payment of the building tax, amounting to 15 percent. Of the profits at the disposal of enterprises, 60 percent are expended on the development of production and 20 percent on collective welfare, while the remaining 20 percent go to the bonus fund. After practicing the contract system for 10 years, the appearance of the Capital Iron and Steel Company underwent tremendous changes. Profits realized increased at an average annual rate of 20 percent for 10 years running. Without any investment from the state, the output of finished steel products increased from 1.17 million tons to 3.14 million tons. Through technical transformation, the major equipment was modernized. This enabled the company to join the front ranks of the world in terms of a variety of indexes, such as labor productivity, the capacity of blast furnaces, the coking ratio, the capacity of convertible furnaces, and energy consumption per ton of steel, calculated in comparable terms. The living conditions of the staff and workers were greatly improved since the 30 years prior to reform. The experience of the Capital Iron and Steel Company bears witness to the fact that through reform large enterprises under public ownership can also be invigorated and run well. It is true that contradictions and problems of this or that sort can indeed be found in the contract system, and these contradictions and problems must be addressed in all seriousness. However, since we have selected this form, the effectiveness of which has already been proven, we should give it time, sum up experience, and gradually make improvements rather than replace it with another form before this form has been fully explored. For example, the shareholding system may be explored as a theoretical issue and even tried out in practice, but we should think twice about popularizing this system, because it has more contradictions and problems than has the contract system and lacks mature experience.

In order to consolidate and develop the economy under public ownership, it is necessary to improve the external environment of enterprises. Since the circulation of funds in enterprises under public ownership constitutes part of the overall circulation of funds in society as a whole, it cannot but rely on other enterprises for the provision of equipment, energy, raw and semifinished materials, and personal consumer goods, and cannot but sell its products to other enterprises and to the community. In this way, social reproduction and the planned and proportionate development of the national economy become the external environment of enterprises in their simple and expanded reproduction.

The imbalance between budgetary revenues and expenditures and between credit receipts and payments (including foreign exchange receipts and payments) will result in imbalances in funds and material supplies. When supply in the markets for producer and consumer goods is strained and prices are going up, it is very difficult for enterprises to maintain normal operation, hence, it is also not easy to observe the performance of these enterprises.

If electricity output is not increased in proportion to industrial and agricultural production, and enterprises are short of electricity, it will be impossible for enterprises to maintain normal production. How can we achieve better economic results with factories "working for 5 days and stopping for 2 days" or "working for 4 days and stopping for 3 days"?

If different sectors do not develop in proportion, there will be gaps between the supply of raw materials and fuel, making it difficult for enterprises to maintain normal operation. If goods are unmarketable and stockpiled, the circulation of funds will be interrupted. This will also make it impossible for enterprises to maintain reproduction.

How can we improve the external environment of enterprises? In my opinion, we need to strengthen planning. Planning means doing things in a proportionate way. Our major mistakes in economic work in the past were due mostly to dislocations in proportions. Readjustment means restoring the balance that was previously damaged. Since the socialist economy is based on the public ownership of the means of production, it is possible to make conscious readjustment of social production through state planning. This is where our superiority lies. There is no contradiction between the planned economy and making use of the law of value and the market forces. Experience has repeatedly borne witness to the fact that only by fully making use of the law of value and making use of the price lever to regulate the distribution of social labor through the market will we be able to achieve the desired goals of our plans.

In order to consolidate and develop the economy under public ownership, it is also necessary to strengthen the groundwork of enterprises and improve management. The management of enterprises under public ownership had suffered a great deal under the Great Leap Forward and the Cultural Revolution. Through consolidation during the Sixth 5-Year Plan period, the groundwork of enterprise management was strengthened, but the result was far from satisfactory. Many enterprises are still doing very poorly in basic management. In recent years, the contract system was implemented in enterprises. In some of these enterprises, the contractors and manager paid undue attention to profits at the expense of management. It thus appears that great efforts still must be made to grasp enterprise management. If we do not do this, the quality of products cannot be guaranteed and costs cannot be slashed. What is more damaging is that, due to our failure to nurture the sense of organization and discipline among the staff and workers through modern production, the quality of the staff and workers will decline.

In order to strengthen the groundwork of enterprise management, the following measures must be taken: We must establish a standardized system which has technical standards as its main body and which includes work and management standards; establish a system of fixed quotas for labor, materials, funds, and fees; equip

ourselves with proper measuring apparatus and tools as well as testing means; attach importance to information collection, sorting, analysis, and processing; strengthen the building of work shifts and groups; and so on. These cannot be accomplished overnight. We must make unremitting efforts, accumulate experience, develop the necessary systems, and strictly abide by them. No matter how the management system may change in the course of reform, we must never weaken the groundwork of enterprise management. It is largely due to the fact that it has prepared good groundwork for enterprise management that the Capital Iron and Steel Company has done so well in contracting.

Footnotes

1. *Selected Works of Mao Zedong*, Dongbei Bookstore, p 869.
2. See *A Concise History of the Socialist Economy in China*, edited by Liu Suinian [2692 7151 1628] and Wu Qungan [0702 5028 2413], Heilongjiang People's Publishing House, p 6.
3. *Selected Works of Mao Zedong*, Vol IV, p 1,432.
4. *Collected Works of Marx and Engels*, Vol 37, p 444.
5. JINGJI YANJIU, No 7, 1981, p 29.
6. Li Guangyuan [2621 0342 6678]: "Public Ownership, Contracting, and Laborers," QIUSHI, No 7, 1989.
7. *Collected Works of Lenin*, second edition, Vol 37, p 19.
8. *Selected Works of Mayakovsky*, Vol 2, People's Literature Publishing House, pp 683-684.
9. *Collected Works of Marx and Engels*, Vol 19, p 20.
10. Lenin: *Comments on Bukharin's "Economy During the Transitional Period,"* p 40.
11. *Collected Works of Marx and Engels*, Vol 20, p 143.

The Crux and Control of the Expansion of Consumption Demand

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[Article by the Problems Study Group, Economic Research Center, State Planning Commission, whose members include Wang Mengkui (3769 1125 1145), Zhou Fuxiang (0719 1381 4382), Zhu Boqiang (2612 0130 1730), Zuo Chunwen (1563 2504 2429), and Chen Bingcai (7115 3521 2088)]

[Text] Excessive consumption demand has been a major factor leading to inflation in China in the last few years, and curbing it is a major measure for improving and rectifying the economy. A very significant and urgent subject for the study on improving and rectifying the economy and deepening the reform is to scientifically

reveal the state of expansion in consumption demand, thoroughly analyze its formation and the crux of the question, and propose corresponding solutions.

The State of Excessive Consumption Demand

Consumption demand here refers to the ability of the entire society (including individuals and institutions) to pay for consumer goods (including labor services) with currency over a particular period of time. It is not the same concept as consumer spending. Consumption demand includes both that which has been realized (that is, consumer spending) and that which has yet to be realized (that is, surplus consumption power). Individual consumption demand refers to the income in currency of urban and rural dwellers through various channels of distribution, whereas institutional consumption demand refers to the expenditure of state administrative organs and that of social services such as education, culture, and health. Strictly speaking, the income of individuals does not equate with consumption demand. A portion of an individual's income is put into savings, which can then be transformed into investment. However, in the present economic situation in China, the transfer of savings into investment is unstable and savings can be shifted back to the individual's consumer spending at any time. Therefore, the increase in an individual's disposable income often signifies growth in consumption demand. Since it is difficult to calculate with precision individual consumption demand, the next best thing is to approximate changes in consumption demand from the growth trends in individual income.

Excessive consumption demand can be studied in two aspects: total amount and structure.

I. An analysis of total consumption demand

The trends of growth in consumption demand since 1984 are as follows:

1. In terms of total consumption demand, first, the growth rate of consumption demand has exceeded the GNP growth rate. Between 1984 and 1988, consumption demand grew by an annual average of 22.2 percent, whereas the corresponding GNP growth rate (calculated according to the prices in each year) was 19.7 percent. The difference is more than 2.5 percentage points. Second, the proportion of consumption demand in total GNP has been rising. In 1988 the proportion reached 70.5 percent, an increase of 7 percentage points from the 63.5 percent of 1983. Third, the growth in per capita income in currency of urban and rural dwellers has exceeded that of labor productivity for many consecutive years. Even with price variations taken into account, the 1988 per capita income of peasants in China had increased by 50.3 percent over that of 1983, an average annual increase of 8.5 percent. It was nearly three percentage points higher than the average annual growth rate of the total value of agricultural output for the corresponding period, which was 5.6 percent. The per

capita income of urban dwellers also considerably outperformed the growth of industrial labor productivity.

2. In terms of materialized consumption demand (that is, consumption spending), total consumption in 1988 was 1.29 times that of 1983, with an average annual increase rate of 18.1 percent. Though slightly lower than the GNP growth rate of the corresponding period, it is still the fastest growth rate in history. Let us turn to a comparison between the people's consumption level and the growth rate of social labor productivity. The 1987 GNP (according to comparable prices) created by each laborer was higher than the 1983 GNP by 33.6 percent, whereas the per capita consumption level of the people during the same period rose faster, by 36.9 percent.

3. If we look at the consumption demand yet to be materialized (that is, surplus purchasing power), by the end of 1988 the surplus purchasing power of all urban and rural dwellers in the nation had reached 549.96 billion yuan, which was higher than that at the end of 1983 by 400 billion yuan, or equal to one-third of the 1988 GNP. The difference between purchasing power in currency in urban and rural areas and the supply of retail goods had grown from 5.6 billion yuan in 1983 to 80 billion yuan in 1988. At the end of 1988 the surplus purchasing power yet to be materialized was equal to the value of 9 months' retail sales. The continually widening gap between demand and supply will inevitably push up the prices of consumer goods.

The above data shows that there is excessive consumption demand in China and that it is getting worse due to accumulation over many consecutive years.

II. An analysis of the structure of excessive consumption demand

The characteristics of the structure of excessive consumption demand in China are as follows:

1. While the income of the people in general is growing too fast, for some people actual income has dropped. Since the reform of the economic system, the income level of the Chinese people has generally risen considerably. However, in the last few years there has emerged some polarization. On the one hand, consumption demand continues to grow; on the other, more and more people have seen a drop in their actual living standard. According to a survey of a sample of urban employees and workers by the State Statistics Bureau, in 1986, 20 percent of the households surveyed reported a drop in actual income solely because of price hikes; in 1987 it was 21 percent, and in 1988 it had gone up to 34.9 percent. However, because of the popular practice of rewarding in kind at present, the people's income in kind has increased. Also, family livelihood surveys often do not record this with precision. Therefore, we estimate that the actual drop in income level may not be that bad. Those affected by a drop in income level are mainly staff in offices, schools, and nonprofitmaking scientific research units who have to shoulder a heavy family

burden; employees and workers of enterprises that perform poorly, and a considerable number of retired employees and workers.

2. Egalitarianism and unequal distribution exist side by side. The former is manifested in the egalitarian and welfare-like income of employees and workers of enterprises and organs. Despite the impressive increase in bonuses in the last few years, within enterprises the reward system remains egalitarian; differences are small and can hardly stimulate incentive in production. However, between different trades and different economic sectors income gaps are widening, some to the extent of extreme disparity. This is reflected in three aspects. First, the income of trading departments grows faster than that of production departments, so employees and workers of the latter shift to the former. Second, in enterprises and institutions, wage levels and growth rates of knowledge-intensive trades are lower than those of labor-intensive trades. Third, the incomes of some self-employed workers, especially those of owners of some private enterprises where employer-employee relationships exist, are growing too fast.

3. The increase in the incomes of employees and workers other than from wages is faster than that from wages. With the reinvigoration of the economy, the sources of income of employees and workers have diversified. For the last couple of years, basic wages, bonuses, and allowances have been listed in the total wages of employees and workers. However, extra income is not listed. This includes income from second jobs of employees and workers and reemployment of retirees, from tertiary industries and horizontal joint operations founded by enterprises and institutions, from 'four-technological' activities (technological transfer, technological training, technological service, and technological consultation), and from different forms of reward by work units in cash or in kind. This type of income comprises a growing proportion of total income.

4. The consumption of institutions and social welfare is growing faster than the wages of employees and workers. This is revealed in two ways. First, institutional purchasing is growing fast and shows no sign of decline. Institutional consumption in 1988 was 1.6 times that of 1983. The growth rate is even higher than that of the wages of employees and workers. Some work units modernize their office facilities even when there is no need to and they spend institutional money on lavish meals and gifts for guests. A considerable portion of this money is transformed into individual income through various channels, so that what should belong to institutions ends up in the pockets of individuals. Second, insurance and welfare fees for employees and workers have soared. An important reason for this is that enterprises buy expensive items for labor welfare and everyday use and squander medical spending. Excessive growth of social consumption not only accentuates the tension between supply and demand but also provides a negative model for the people's consumption, which in turn dampens the general mood of society.

The above structural analysis illustrates the change in the excessive consumption demand in China. The excessive wage growth of a few years ago has been transformed into an absence of control over income other than from main employment. Social consumption continues to expand and much of it is transformed into individual income. Income disparity is widening, and in some cases it is extreme. The structural aspect is a key consideration in resolving the problem of excessive consumption demand.

The Crux of Excessive Consumption Demand

Excessive consumption demand is actually a problem caused by income distribution policy. The reform of the economic system has regulated the distribution of profits among the state, the enterprise, and the individual. Although this has mobilized the incentive of enterprises and individuals, it has also led to the problem of excessive consumption demand. Certain measures have been adopted in the last few years, but they have not been effective. What is the crux of the problem? We arrive at the following points in our initial analysis:

I. The misapplication of the income distribution policy has resulted in its inconsistency with the policy of regulating benefits in the course of the economic reform.

The Chinese economic reform started with the reform of the distribution system, which is actually a system to regulate benefits. Localities demand that the central government give them autonomy and concede profits to them. The enterprises demand that the state lift restraints and give them flexibility. Individuals ask for more benefits. Pilot reform units demand more profits before agreeing to be pilot reform units. In order to implement reform programs, leading departments give various kinds of favors to pilot units. All this leads to two major problems in income distribution. First, the central government concedes profits to the localities. The localities do the same for the enterprises. The enterprises pay more to individuals. Eventually, in the distribution of national income, too much goes to the individual and too little to the state. Second, uneven distribution of benefits exists not only between localities, between departments, and between enterprises, but also between different kinds of work and between individuals. Even when business performance is more or less the same, the profits obtained can vary a lot. This unreasonable disparity is caused by a biased policy. Not only has it failed to promote competition, it has, on the contrary, led to low-income parties demanding what high-income parties earn.

II. Problems of the wage system reform

Looking back, the wage adjustment in 1985 and 1986 went too far. The wage reform program for government organs and undertakings set a pace that was too fast. That for enterprises, when implemented, exceeded the plan by 60 percent. Large wage increases resulted in a

drop in state revenues or increases in product prices. Wage costs have been a major factor in price hikes in recent years.

After 1987, and based on the experience of the pilot programs in the last few years, our nation introduced on a large scale the method of linking the total amount of wages to economic results. According to the plan, the ratio between the two should not be larger than 1.0:3-0.7. However, due to an imperfect overall adjustment and control mechanism, some provinces and cities just assigned different base figures to the enterprises, the enterprises were responsible for profits but not for losses, and the method of linking was problematic. In implementation every year the ratio is higher than 1:1.

III. Lack of control over overall operation of income distribution

This is evident in three aspects.

First, every year actual practice goes beyond the wage plan and so the plan has lost its binding force. In order to strengthen supervision over consumption funds, the State Council promulgated in 1985 the "Provisional Methods for the Supervision of Wage Trusts," which stipulated that total amounts of wages be controlled and that payments be supervised by the banks. However, due to expanded autonomy granted to enterprises and the implementation of the contracted responsibility system, there has been much change in enterprise mechanisms and behavior. Enterprises have the right of disposition over some profits, autonomy over the use of bonus funds, and can plan and pay wages to external workers. Moreover, since gaining autonomy from state finance, banks have not been able to adequately perform their supervisory role. Therefore, administrative measures, which are a traditional means of controlling wages, can no longer control enterprises with expanded autonomy. The wage plan exists in name only. In the last few years, the actual wage increases over the whole nation have gone out of control.

Second, the adjustment of individual income tax (including the bonus tax and wage adjustment tax on employees and workers of work units under the public ownership system) has failed to function. The purpose of implementing the bonus tax and wage adjustment tax is to curb the excessive payment of bonuses and wages. Most enterprises pay bonuses and wages up to the taxation ceiling and after that pay their employees and workers in other forms, such as in cash, in kind, or even goods certificates and labor insurance items, and so forth, so as to evade bonus and wage adjustment taxes. Therefore, wage and bonus taxes have had little regulatory effect on income distribution. As for the wage adjustment tax on individuals, tax evasion is extremely common. This is because of the absence of a taxation system that supervises individual income, the ineffectiveness of the financial, taxation, industry and trade, and auditing departments, and inadequate enforcement

of the law. Because of inadequate supervision, tax evasion and illegal operations are especially common among self-employed workers and private enterprises.

Third, extrabudgetary funds are used inappropriately. Too much of them is spent on welfare and bonuses. Of the profits retained by industrial enterprises, an increasingly low proportion is reserved as production development funds and an increasingly high proportion is spent on bonuses and welfare. In 1983 the ratio between production development funds and bonus and welfare funds was 28:72. The ratios were 29:71 for 1984, 33.3:64.7 for 1985, 20.8:79.2 for 1986, and 18.8:81.2 for 1987. These ratios are generally far lower than the ratio of 6:4 stipulated by the state. The fundamental reason for the inclining of profits toward welfare is an imperfect mechanism to discipline enterprises. In terms of overall regulation and control, the policy of paying back loans before taxation encourages enterprise behavior to be short-term and encourages a consumption tendency.

IV. Expansion of free provision of social security

In the past, social security provided by the state was designed to serve the people whose income tended to be low. Since the reform of the economic system, the emergence of multiple forms of ownership and reward for labor has led to diverse sources of income and upset the old income distribution system. Of the national income, the proportion of individual income has risen dramatically. However, the costs of social welfare and security have not been shifted proportionately to the individual or taxpayer. On the contrary, the provision of social welfare and security has been further expanded and strengthened and has therefore raised social consumption demand.

The expansion of the provision of social welfare and security has brought three problems. First, the financial burden on the state is too heavy. When the proportion of state revenue to national income has dropped and the state still has to shoulder the heavy burden of social security, cutbacks in economic investment are inevitable. Second, in the consumption demand of individuals, the proportion of welfare spending, such as housing, water, electricity, transport, and health, has dropped, whereas spending on expensive goods and durable goods has risen. In recent years housing in urban China has improved, but the proportion of rents to total household expenses has dropped from 1.52 percent in 1983 to 0.87 percent in 1987. It is far lower than the 2.32 percent of 1957 and 2.61 percent of 1964. The case is similar for public transport, post and telecommunications, water, electricity, and so on. With the increase in provision of social welfare and security, the people's financial burden is lighter. In addition, they do not have to save for their old age. Therefore, it is inevitable that individual consumption demand will target expensive durable goods and home appliances. Third, income disparity between members of society has widened. The incomes of staff of private enterprises, joint ventures, and certain trading companies are far higher than those

of state-owned enterprises. At the same time, the former can enjoy social security similar to that of low-income employees and workers of state-owned enterprises. Self-employed workers in cities can also enjoy welfare provisions such as cheap water and electric supplies, post and telecommunications, and transport. This no doubt has added to the income inequality between members of society and bred discontent among some people.

Ways To Resolve the Problem of Excessive Consumption Demand

Excessive consumption demand is a reflection of inappropriate regulation of the relationships of interests in the economic reform. It must be resolved in different aspects in the course of deepening the reform. The key is to revise the initial distribution pattern of national income. Supervision of consumption demand must be strengthened. The excessive growth of consumption demand must be curbed. At the same time, the structure of distribution must be revised, inequality in distribution must be reduced, and a mechanism to regulate and control overall consumption demand and another to restrict it in specific aspects must be set up.

I. Establishing a set of income distribution policies to enable mutual regulation

The key to reducing excessive consumption demand is to resolve problems in national income distribution and redistribution and to set up an income distribution system in which the two regulate each other.

Based on the reality in China today, the new distribution system should observe the following principles: First, the state should have a suitably higher percentage of national income than before. Since the state allowed enterprises to have more autonomy and to retain more profits in the last few years, its share of the national income has dropped considerably, and the share of individuals has been too high. This situation should be changed by means of regulatory policies and levers such as taxation and pricing. Based on an analysis of historical data, the state's share should be between 25 and 30 percent. Second, all economic reform programs should coordinate with the income distribution system. The revision of distribution of profits must be coordinated by a department that handles the economy as a whole, not by different, uncoordinated departments. Third, consumption demand must be well balanced. Two quantitative concepts must be kept in mind. The first is that the growth rate of consumption demand of the entire society must be lower than that of distributable national income. The second is that the growth rate of the average actual income of urban laborers must be lower than that of labor productivity.

Based on the above principles, we propose some concrete measures for an income distribution policy. They are as follows.

1. The income distribution policy should cover the entire society. It should supervise not only the wage system, but

also consumption demand. In the regulation and control of consumption demand, targets should not be restricted to state-owned enterprises. The other economic sectors should be included.

2. In reforming and improving income distribution, power must be in the hands of the central government. The policies on tax reduction and profit concession that have been introduced in recent years must be rectified. Distribution policies unfavorable to overall management and to stimulating enterprise production and efficiency must be revised.

3. A policy must be formulated to set restrictions on high incomes and ensure the protection of low-income trades. "Restrictions on high incomes" does not mean regulatory taxation on individual incomes. Rather, it is aimed at excessively high incomes permitted by the existing policy and market law which are problems. For example, there should be a limit on the income of trading companies and of celebrated actors who tour from place to place to perform. The protection of low-income trades refers not to vanishing trades, but to trades that generate slim profits. Employees and workers in these trades earn far less than their counterparts in other trades. Without proper protection, these trades will lose considerable labor power and their existence will be in jeopardy.

II. The method of linking the total amount of wages of enterprises and their economic results must be improved and extra incomes must be strictly controlled.

Judging from the present situation, the link between the total amount of wages and economic results is feasible. However, it has many shortcomings that require improvement and perfection. At present, the key is to strictly control extra income. This comes from three sources: First, it comes from the work unit in the form of allowances, bonuses, money awards, and rewards in kind that are not listed in the total amount of wages. Of these rewards, some should be canceled, such as rewards in kind. Those that cannot be canceled or cannot be canceled for the time being must be listed in the total amount of wages of employees and workers. This part of the supervision must be strict. The second type of extra income is that which an individual obtains from outside his work unit. This includes part-time jobs, commissions, rebates, a percentage deducted from sums of money, fees earned for performing favors, handling fees, consultation fees, and so on. There should be an all-out examination of existing practices and a system should be set up to specifically supervise the extra income of employees and staff. Of the extra income, reasonable items should be made known to the public and unreasonable ones canceled. Third, illegal income from both the work unit and outside it, including private distribution of property, unlawful appropriation of state profits, corruption, and bribery, must be checked. We suggest that the financial departments work with related departments to examine the costs of enterprise projects and revise relevant regulations. They can consider changing the link between economic results and the total amount

of wages of employees and workers to that between economic results and income (including wage income and other income) of employees and workers. The ratio of the link should be suitably adjusted so as to check the excessive increase in individual income.

III. The structure of income distribution should be adjusted. High incomes should be checked and low incomes subsidized to reduce inequality in distribution.

Excessive consumption demand and an unreasonable structure of consumption demand coexist. Different measures should be adopted to address them. While suppressing excessive consumption demand, we should also resolve the problem of income disparity.

1. A regulatory policy should be introduced on high-income trades and individuals. a) High incomes made possible by favorable policies must be canceled or reduced. b) Business tax and income tax on hotels, taxis, and trading companies should be raised. The profit rates of service industries should in general not exceed those of production. This can be achieved by means of regulatory taxation. Neither should the income level of employees and workers exceed that of the producing enterprises. c) An enterprise contractor's maximum income (including all income items) must not be higher than three times the average income of the employees and workers of the enterprise. d) There should be higher tax rates and closer supervision on private enterprise owners and self-employed workers. Illegal businesses must be banned. Past illegal income must be examined. Favorable policies must be canceled one after another and fair competition introduced. Out of legal income should be paid business taxes and social security fees. Enterprises should pay out of their income for the social security of their employees and staff. A fee for admission to the city should be imposed on those employed by individual operations so as to compensate for the state's subsidy on nonstaple food, such as vegetables, and urban public amenities.

2. The subsidy policy should be revised. a) We should continue the approach of changing hidden subsidies to visible subsidies. The subsidies given to the circulation sphere in the past should as much as possible be given directly to urban dwellers or individual employees and workers. In so doing two major loopholes in past subsidies can be avoided, namely, heavy wastage in the circulation links or units handling them, and the mobile population, especially the rural mobile population, taking advantage of the benefits of subsidies to urban dwellers in the circulation links. b) The past method of uniform per capita subsidies must be changed. Whether subsidies should be given and how much should hinge on the income of residents or employees and workers.

IV. Institutional consumption must be controlled and provision of social security must be reformed.

In terms of the nature and function of consumption and its relation to the people, there are two types of institutional consumption. The first includes consumption by

state administrative organs, national defense and public security organs, and various types of public departments. The second includes consumption by cultural, educational, health, radio, television, and various types of public welfare departments. Different directions of reform and measures to control consumption should be designed for them.

The measures designed to curb the first type, which is administrative consumption, should be as follows: a) In connection with reform of the political system, we must be determined to streamline offices and undertakings by cutting down redundant staff and companies and cutting down or merging some associations, societies, centers, and all kinds of temporary organizations. Streamlining will help to fundamentally resolve the problem of excessive institutional consumption. b) Administrative expenditures should be linked to state revenue. The growth rate of expenditure should not exceed that of state revenue. A maximum should be set. If a department spends more than that amount, the state will not pay for it. If it spends less, it cannot claim the rest from the state. c) Administrative departments must be prohibited from using their power to make their enterprises contribute to their administrative fees, including travel expenses and conference fees.

As for the consumption of public service institutions, the system of state provision should be changed gradually to provision mainly by the institutions themselves. This is based on the principle of commodity economy in which the user (or beneficiary) is responsible for the expenses. We suggest the following concrete measures: a) Eligible institutions should step by step become enterprises or adopt enterprise management so as to cut down on administrative spending. b) The public medical service system should be reformed. Individuals should be made gradually to bear part of the medical expenses. c) The reform of the old age social security system should be accelerated. The state, the collective, and the individual must contribute to it and the responsibility of the individual should be appropriately emphasized. 'Advance deductions' should be made open and the law. Old age insurance tax should be introduced at the right time. d) Suitably raise fees for transport, post and telecommunications, water, and electricity. e) Implement the reform to commoditize housing. What is feasible at present is for the state to cut its subsidy on rents so that rents comprise a higher proportion of individual consumption. Setting rents can be based on people's income and housing conditions.

V. The regulatory system of individual income tax should be improved.

The taxes included in the system of regulating individual income are bonus tax, wage regulation tax, and regulatory individual income tax. The first two in theory regulate individual income, but in effect enterprises are taxed. They have no effect on regulating individual income. The third also has a weak regulatory function. This is because taxable income starts at a high point, the

people have a weak sense of paying taxes, and taxation is not strictly enforced. We propose the following: First, the three kinds of regulatory individual income tax should be combined as soon as possible and the individual should be responsible for paying them. Second, taxable income should start at a lower point. Gradations in income tax rates should be narrowed and progressive tax rates should be implemented. Annual income should include actual wages, interest, and all other income. Third, the people's sense of tax payment and supervision of the taxation system should be strengthened at the same time.

VI. The mechanism of social accumulation should be improved to channel consumption demand to productive investment.

Apart from transferring most of the costs of social and public services to the users, a major means of resolving the problem of growing surplus purchasing power is to improve the social accumulation mechanism, which at present is the full responsibility of the state, and to encourage the people to participate in social construction. To do this we propose the following: First, policies should be clear and property relations should be stable. The peasants' right to manage and use the land should especially be clarified so as to dispel investment worries. Second, favorable policies can be formulated to encourage investment in management. Examples are total or partial tax exemption on investment. Third, a special consumption tax should be imposed on spending on consumption, especially on expensive consumer goods, as is done in some western nations. Peasants should pay a land tax when they build houses. When the building exceeds local regulations, they should pay a building tax. In this way, the transformation from income into consumption can be constrained.

As for the surplus purchasing power of urban employees and workers, encouraging them to save is a measure to resolve the problem. However, this is only postponed consumption. The problem can be relieved for the time being, but not fundamentally resolved. In addition, the interest burden on the state will be heavier and heavier. Therefore, we can consider continuing the experiment on individuals buying shares and bonds so as to transform consumption demand into investment and responsibility for investment risks. A current problem of individuals buying enterprise shares and bonds that merits attention is that some enterprises use the shares and bonds purchased by their employees and staff to expand the channels of individual income. Therefore, it is imperative to strengthen systematic supervision of shares and bonds.

VII. We must strengthen political and ideological work and advocate the great tradition of hard struggle.

In recent years, propaganda work has one-sidedly emphasized material interests and neglected political and ideological work. Wrong directions of public opinion have inflated consumer expectations regarding

the reform. The people have generally become money-minded and this has encouraged consumption demand. Because of this, we must strengthen political stimulation accordingly and fully mobilize revolutionary enthusiasm and work incentives. We must also further establish the concept of improving our living on the basis of developing production and advocate the great tradition of diligence, frugality, and hard struggle. We should be ideologically prepared for a few years of austerity and take the initiative to implement measures to suppress excessive consumption demand.

Acute Impatience for Democracy Will Undermine Stability

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[Article by Zheng Hangsheng (6774 2635 3932) and Feng Zhibin (7458 1807 2430) of the Sociology Department of the People's University of China]

[Text] On the question of the building of socialist democracy, there is a need to oppose two erroneous trends. One is the tendency to ignore the necessity to reform the party's leadership style and to fail to understand that party leadership can be strengthened only by reforming party leadership style. The other is the failure to understand China's national situation and the experience and lessons of China's modern political history, and attempting to establish in China the liberalization of the capitalist political system. Under the current situation, it is particularly necessary to oppose the latter trend, which involves the blind worship of the ideological tide of liberalization associated with Western bourgeois democratic politics. It is this ideological tide that has deceived a large number of people, especially young students, and that became a major source of the turmoil and counter-revolutionary rebellion. On the democracy issue, becoming clear on the cardinal principles of right and wrong and clarifying hazy understandings will be of major significance in maintaining leadership by the party and building socialist democratic politics in a stable environment.

The Historical Nature and Environmentally Conditioned Nature of Democracy

In the most general sense, democracy is a political form of a state. It is a political system by which the rulers organize state power in accordance with the majority principle. In actual life, any form of democratic politics is specific and has a historical nature. In class society, it always has a class nature.

A political system is a subsystem of society. On the one hand, through its relatively independent, active, and dynamic movement, it plays an overall role in the various areas of social life. On the other hand, changes in it are influenced and conditioned largely by the historical and cultural traditions of the society in which it is located and the various economic, cultural, and social environments in which it exists. Political systems,

including democratic political systems, cannot develop in isolation, divorced from the restrictions of their environment.

First, the development of democratic politics is subject to the deep-going influence and restrictions of historical traditions and cultural traditions. In the West, democracy is a state form. From the ancient Greek city-state republics to the modern Western democratic political system, from direct democracy in small states with few people to representative indirect democracy of huge states, and from individualism and egoism on the cultural value level, to the private ownership and market competition of the economic system, there has been created a complete cultural form and historical tradition. However, in China, democracy as a political system or a political form has almost been nonexistent in history. Tan Sitong said, "The politics of China over the last 2,000 years has been the politics of the Qin Emperor." The only political form in ancient Chinese history was autocratic rule by bureaucrats. The best that could be hoped for in this form of political rule was one where there were worthy and virtuous officials who concerned themselves with the people's troubles. Under such political rule, the people were in a completely enslaved position and they had no rights or way to participate in national affairs. The social and cultural concepts associated with this, involving the doctrine of Confucius and Mencius, feudal ethics, and the small-scale agricultural economy involving rising with the dawn and resting when the sun sets, created a form of culture and political traditions completely different from those in the West. The building of democratic politics in China will necessarily be subject to the influence of the traditional political qualities of the nation, and must necessarily consider the major differences, in terms of political knowledge, political ethics, and political abilities, between the nation and modern democratic politics. Since the founding of the PRC and especially since the 3d Plenary Session of the 11th CPC Central Committee, a new Constitution has been promulgated and revised, the People's Congress system, the system of multiparty cooperation under the leadership of the CPC, and the system of social consultation have been established and continually improved. The scope of democratic practice has seen unprecedented expansion, the people's political quality has had great growth, and a firm base has been laid on which to further build democratic politics. However, we must also recognize that major vestiges of traditional political culture still exist in all areas and play negative roles of one sort or another. Eliminating these influences is a long-term, major task facing the people of the country.

Second, the development of democratic politics is subject to the restrictions of the specific social environment in which it is situated. For example, there is the restriction of the total volume of national wealth. In the days of ancient Greece, Aristotle put forward a political principle that has been universally recognized. This was the idea that if citizens are forced by their livelihood to

concern themselves all day with food, clothing, accommodations, and other basic livelihood demands, they will have insufficient spare time to concern themselves with or participate in public political life. Thus, the total wealth of the nation and its distribution inevitably have a great influence on the degree of democratization. Since the 3d Plenary Session of the 11th CPC Central Committee, our country has resolved the problem of feeding and clothing one billion people, but there are still quite a large number of people whose lives are far from prosperous. At the present stage, with adherence to economic construction as the center, conditions are being created for building democratic politics. Further, the development of democratic politics is also subject to the limitations of the degree of knowledge and education of the people of the nation. If we say that the exercise of democratic rights did not require a very high level of knowledge under the primitive production forms of the ancient city-states, then in today's situation, where the social structure has daily become more complex, the social division of work has become unprecedentedly specialized, and science and technology have permeated every sphere of society, the people have no way to select public officers, participate in public affairs or exercise democratic rights without widespread education and a reasonable level of knowledge and education and without the ability to even understand what democracy is. In our country, the progress of democracy will certainly be subject to restrictions produced by the situation where illiterate people constitute one-quarter of the total population. Further, the development of democracy is also subject to the restrictions of the level of science and technology. In the city-state republics of ancient Greece, the size of territory was not large and, in some cases, did not extend beyond that where a person could walk to a meeting and return home the same evening. Under modern conditions, with modern transportation, communications equipment, broadcasting media, and so on, it has been possible to establish democracy over wide national territory and, at the same time, greater demands have been placed on those who enjoy democratic rights and shoulder democratic obligations. Thus, democratic politics has always had its specific historically determined nature. The understanding of this historically determined nature is essential in building democratic politics. Otherwise, there will be no way to avoid historical blindness and political mistakes. Likewise, there will be no way, in the complex course of modernization, to persist in a firm political stand and no way to successfully and smoothly implement democratic reforms.

The Experiences and Lessons of China's Modern Contemporary Political History

Divorcing ourselves from the restrictions of the realities of historical traditions and social environment and copying the Western tripartite division of power, multiparty system, and universal suffrage will not work in China. This has been proved repeatedly by China's modern and contemporary political history.

On 20 September 1907, under pressure from the people's revolution, in order to give a false impression and cheat the people, the establishment of a national assembly was officially proclaimed "by order of the empress dowager," as a basis for a future parliament. What was the nature of this "national assembly"? The first article of the "National Assembly Constitution" stated that the national assembly was established "by imperial decree." Thus, it was nothing more than a tool of the emperor. The fourth article stated that members would comprise "Imperial nominees and elected members." The imperially nominated members included princes and dukes, imperial clan members, officials of various offices, and extremely wealthy industrialists. Later, Manchu and Han nobility, feudal nobility, and scholars were added to the list. These appointees constituted more than half the members of the assembly. The eighth article stipulated that, on the opening of the assembly, the emperor would personally conduct the opening ceremony or would send a noble or senior minister to represent him, to "proclaim what should be discussed at the session." Only then could the session proceed, and discussions could be held only within the scope of "matters which should be discussed." This is sufficient to show that the national assembly was nothing more than a deceptive trick by the Qing rulers aimed at saving themselves from imminent destruction. However, members of the constitutional faction were, in their hopes for this, filled with almost senseless illusions. Liang Qichao, who had fled to Japan, tried, through Xu Qin [1776 0530] and other backbone elements of the constitutional faction, to formulate policies and unify their efforts in order to pursue the road of constitutional monarchy. Although they worked diligently and did all they could to raise a clamor, it was the careerist political opportunist Yuan Shikai who was raised to the post of premier.

After the 1911 revolution, the Qing emperor announced that he was abdicating, and Yuan Shikai, through contemptible methods which combined both threats and promises, usurped the achievements of the revolution. At this time, Song Jiaoren was engaged in activities everywhere, rushing from place to place in his efforts to unify the Revolutionary Alliance with the smaller parties such as the United Republican Party, the National Progressive Association, the National Public Party, and the Republican Progress Association, thereby forming the Kuomintang. After the election, and the Kuomintang gaining a majority in the parliament, Song Jiaoren, in his capacity as leader of the majority party, planned to form a cabinet and realize his long-cherished bourgeois wish of parliamentary democracy and party politics. However, Yuan Shikai made use of the weak and divided nature of the Kuomintang and used his military strength to arrange the assassination of Song Jiaoren. Subsequently, Yuan Shikai also abrogated the "Provisional Constitution" and forced the premier, Tang Shaoyi, who was unwilling to become his puppet, to resign. He then formulated the "New Constitution" by which the presidential system was set down and implemented. According to this, the president could be reelected and

could pass on his post to his son. After this, blinded by his lust for power, Yuan Shikai rigged the public election and in December 1915 declared himself the "Hongxian Emperor of the Chinese Empire." The bourgeois republican faction had suffered a disastrous defeat.

Regardless of whether we speak in terms of the bourgeois constitutional faction or the republican faction, neither could save China from its crisis. Rather, while China was disintegrating, while there were internal troubles and external threats, and while the warlords engaged in chaotic warfare, they were bringing harm to themselves. After Chiang Kai-shek usurped political power in the national revolution, he implemented an autocratic system involving major landlords, warlords, and bureaucrats, and he completely turned his back on the ideal of a democratic republic based on the three principles of the people as proposed by Mr Sun Yat-sen. This series of sad historical facts shows us the bankruptcy of bourgeois democracy in China. When we look at the reasons, it is as Mr Lu Xun said: Although the queues had been cut off and although the signboards had changed, the situation was still the same, and this was due to the fact that there had been no basic transformation of the national character. All of the reforms had been only superficial and it was inevitable that they would be smashed by the stones of ingrained practices. Furthermore, because the level of economic development was low and a strong bourgeoisie had not been formed, it was impossible for there to be a strong bourgeois parliament or a powerful bourgeois government. In a semicolonial, semifeudal society, with an economy consisting predominantly of small-scale agriculture, bourgeois democracy was but a small boat in the vast sea. It was inevitable that this boat would be swallowed up and sunk by the fierce waves of feudalism.

The 10 Years of Reform Have Been the 10 Years That Have Seen the Fastest Progress in Democracy in Our Country

Facing the great restraints of historical tradition and social environment, the true democratic forces represented by the CPC did not engage in passive inaction and even less did they retreat through fear of danger. Rather, they engaged in unwavering struggle to promote the progress of China's democracy. It was under the leadership of the CPC that the three great mountains of imperialism, feudalism, and bureaucratism were overcome and the greatest obstacles to China's democratic progress were swept away. The PRC, which was established in 1949, was the greatest achievement of democracy realized through the blood and sacrifices of innumerable martyrs and of innumerable members of previous generations, with more stepping into the breach as those ahead fell. In the 40 years since the founding of the PRC, our country has initiated a system of socialist democracy and has achieved definite progress in democratic construction. However, it needs to be recognized that this system is far from perfect, that many problems remain, and that some problems are extremely serious. For example, power is excessively centralized, the

leading cadre posts have life tenure, thus forming a patriarchal system. Also, bureaucratism and all sorts of privileges abound. These factors have long restrained the democratization of party and state political life and resulted in losses which the socialist cause should not have suffered. They even led to things like the 10 years of turmoil during the Cultural Revolution. The Cultural Revolution enabled us to recognize that nobody in Chinese society and no political party in China, even the leading personages and most progressive parties, can stand aloof from the restrictions of historical traditions and social environment. They are all, in one way or the other, and to a greater or lesser extent, subject to their influence. It also caused us to recognize that "great democracy," which defies laws human and divine, can only bring harm to the progress of socialist democracy and can only trample on the people's democratic rights and interests.

Beginning with the 3d Plenary Session of the 11th CPC Central Committee in 1978, reforms aimed at the real problems on the economic and political levels were implemented. The achievements of these 10 years of reform are universally recognized. These 10 years have been the 10 years that have seen the fastest progress in democracy. It must be said that our country's socialist democratic reform has made a historic beginning. The major measures already adopted include the separation of party and government functions, the handing down of power, the implementation of social supervision, the establishment of a system of social consultation, the reform of the electoral system, and so on. If we take the reform of the electoral system as an example, it includes: 1) The implementation of elections at fixed intervals. This has had great significance in breaking down the former system where leading cadres retained their positions for as long as they lived. In the Seventh NPC (National People's Congress), convened in 1988, the majority of representatives were elected for the first time. Representatives to the Sixth NPC comprised only 29 percent of the total representatives of the Seventh NPC. 2) Direct elections have been implemented at county level. Under present conditions, there has been a great expansion of the scope of direct democracy and this is a real step forward in the progress from indirect democracy to direct democracy. Since 1979 when the Electoral Law set down this stipulation, county-level direct elections have been implemented gradually throughout the whole country. In the elections to change committee membership in 1981, 1,925 counties implemented direct elections, 93 percent of the total number of counties throughout the country. 3) Elections with more candidates than positions to be filled have been instituted. This was also stipulated in the Electoral Law which was promulgated in 1979. In December 1986, the Electoral Law was revised and it was stipulated that all political parties and all mass organizations could jointly or independently recommend candidates for election as representatives. It was also stipulated that candidates could also be jointly nominated by 10 or more voters. In this way, candidates who really represent the interests and demands of the people can be put forward. In addition, it gives more scope of choice to the

voters. The 13th party congress, in October 1987, elected a new Central Committee through an election in which there were more candidates than posts to be filled. Furthermore, the 135 committee members of the Seventh NPC Standing Committee elected in April 1988 were elected from 144 candidates. In 1987, in the process of electing the mayor of Changzhou City, the candidate who had been first recommended through consultation was defeated by a candidate who was freely nominated by voters. The system of election whereby there are more candidates than posts to be filled has caused changes in the psychological balance of some cadres and, from merely being responsible to the upper levels, they are now responsible to the masses as well. The system of having more candidates than positions to be filled has drawn the mechanism of competition into the political sphere. In the 9th People's Congress of Beijing Municipality, the deputy mayoral candidates gave the first campaign speeches in the Chinese mainland for election as deputy mayor. Finally, seven of the 10 candidates were voted in as deputy mayors. The above examples reflect the major aspects of China's socialist democratic reform measures. However, these are far from the entirety. These measures have only just begun to be implemented or have not been in effect very long and there are many aspects that require improvement. For example, after party and government functions are separated, the relationship between the party and the government will need to be standardized; the scope, level, and degree of power to be handed down need to be gradually established through practice; the basic forms of democratic supervision in society and social consultative dialogue need further development and systematization; in the electoral process, the methods of nomination and introduction need further improvement; and so on. Despite this, socialist democratic reform has seen initial results.

However, as people often lack a historical outlook and a consciousness of the national situation and fail to recognize the advances made in our democratic process, they think that the pace of political reform has been too slow. Thus, they harbor an intense but often unrealistic consciousness of political participation. This political zeal, if properly guided, can become a promotional factor in democratic construction. If the guidance is incorrect it can lead to social instability and various forms of upheaval. If such zeal is used by a small number of people for political conspiracy, it could erroneously lead to the overthrow of the socialist system. If this scenario was but a vague possibility in the past, today it has been proved by the student unrest, turmoil, and rebellion to be a real danger. This unrest has proved that we should raise our vigilance against those people who guide political consciousness toward extremes or even toward agitation for the establishment of bourgeois democracy in our country.

The Results of Acute Impatience for Democracy

How, then, has acute impatience for democracy harmed social stability? Acute impatience for democracy can lead to an anarchic situation. The traditions of thousands of years of feudal society have produced the

specific cultural and psychological structure of the Chinese people. In the political sphere this has been manifested, as Mr Lu Xun said, as "a slave mentality." In action, this slave mentality was manifested in two forms. First were the periods of predestined slavery. That is, under the feudal autocratic order and feudal morality, people were "obedient." Second were the periods when, even if one wanted to be a slave, it was not possible. The trees wanted peace, but the wind would not cease. The autocratic feudal rulers used the privileges in their hands to levy exorbitant taxes and act like tyrants. In the last days of a dynasty, officials were extremely corrupt, wanderers filled the land, fields were filled with corpses, and wars were frequent. The people had no option but to raise the banner of revolt and gather together to engage in rebellion. At this time, the peasants through their rebellions promoted the progress of China's history and, at the same time, inevitably destroyed production. Subsequently, another "Son of Heaven" emerged to pick up the pieces, to rearrange the situation, and to restore the order of the court. Then the people again fell into slavery and submission. The people were either submissive or violent. This was closely related to the rule by autocratic imperial courts and was a characteristic phenomenon of Chinese politics. It is not surprising that people had no understanding of the relationship between rights and interests, freedom and procedure, democracy and the legal system, or between individual interests and the interests of the state. Even today, the situation where people freely make their own decisions, recognize the law, and respect the law will require a long period of arduous efforts to realize. In our country, both capitalist democracy and socialist democracy are foreign things. Many people do not understand democracy and have even less of an understanding of the difficulties of promoting democracy in China. They think that democracy can be achieved in one step and that it is not subject to objective conditions. They think that democracy is something where one can do whatever one wants to do, without the limitations of law or discipline. This sort of acute impatience for democracy will inevitably lead in actual life to an anarchic situation and the result will actually be the destruction of democratic progress.

Acute impatience for democracy will lead to the restoration of patriarchal clans and factionalism. In our country's rural areas, following development of the commodity economy, there has been a further weakening of the power of patriarchal clans. New social organizations, such as enterprises, companies, and schools, have replaced the clans and become the motive force behind social progress. However, in many places the power of the clan still occupies a very important position. The customs and practices whereby bonds are maintained through blood relationships and where respect is determined by a person's age, generation, and kinships still have a major obstinate influence on production, livelihood, thought, and actions. Throughout the whole society, the "relationship networks," so well known to all, which are based on blood ties, school connections, or hometown connections, play a widespread odious role

through forms such as the exclusion of others and violation of the principles of socialist equality, rights, and interests and the rule of law. In such a situation, implementing so-called democratic elections divorced from leadership by the CPC, will only give patriarchal clans and various factions legitimate modes of activity. It will only result in new political inequality and political chaos, and will damage and destroy the order of the whole society. In the democratization reforms in our country, we must recognize these real restrictions.

Acute impatience for democracy will lead to a pernicious growth in localism. A major idea of those members of the "elite" who advocate bourgeois liberalization is the readjustment of the distribution of power between the center and the localities and the implementation of a federal system and local autonomy. These proposals will not work in China and will be harmful. From the days of the contending dukes during the Spring and Autumn period to the local clan principalities of the Han dynasty, and from the feudal principalities of the Tang dynasty to the chaotic wars of the warlords in modern times, a major characteristic of Chinese politics over thousands of years has been the alternate cycles of centralized power and local separatist principalities. However, in the localities those who enjoyed authority were just the few strongmen who held military, political, and financial power; the local people had no right to participate in regional political, economic, social, or other public affairs. In a situation where the central authority was corrupt and incompetent, the local power holders set themselves up as lords of a region, established barriers, and, in opposition to the central political power, cut off contact with the outside. When the people, under the leadership of the CPC, defeated the reactionary KMT faction, they opened a new page in China's history and in China, for the first time, there was finally a central people's government which could effectively control the whole country. After the 3d Plenary Session of the 11th CPC Central Committee, following promulgation and implementation of the "Organic Law for the Different Levels of Local People's Congresses and Local People's Governments," the "Nationality Regional Autonomy Law," and the "Electoral Law," the systems by which people could participate in local government affairs were gradually completed. At the same time, the political authorities at various levels could, under the centralized and unified leadership of the CPC Central Committee and the State Council, bring into play their own enthusiasm and creativity. However, it must also be recognized that a major task in our country's democratic construction is to find a means by which to ensure that local governments are more fully subject to the supervisory restraints of the local People's Congress and its Standing Committee and that the local People's Congresses and their Standing Committees are more fully subject to the supervisory restraints of the people of the locality. In this situation, if the power of the local authorities is too great and the effective, unified leadership of the party Central Committee and the central

government is lost, a local mountain-stronghold mentality will certainly emerge, leading to the situation where "when the center has a policy, the locality has a countermeasure; when there is an order, it is not implemented; and when there is a prohibition, it is not enforced" becoming increasingly serious. This will inevitably produce unnecessary local contradictions and clashes and will destroy the unity and stability of the state.

Building Democratic Politics Through Stability

Facts have proved that acute impatience for democracy damages stability. That is, it damages the construction of democracy itself. It is possible to build socialist democratic politics only in a stable social environment.

First, only by maintaining leadership by the CPC will it be possible to maintain social stability and, within this stability, to build democratic politics. The CPC is the vanguard of the working class and represents the interests of the people of the whole country. Without leadership by the CPC, no other force will be able to organize the people to carry out economic, political, educational, scientific, technological, and cultural reform and construction, and no other force will be able to command the people's armed forces in safeguarding the independence and unity of the state. Divorced from leadership by the CPC, China will repeat the tragedy seen in the first half of this century when warlords set up their own regimes, the people lived in destitution, and there was plundering by foreign bandits.

Second, it is only in stability that we can engage in democratic practice and, in this democratic practice, foster and hone the democratic qualities and democratic abilities of the people. Comrade Deng Xiaoping has said, "Our final goal is the development of socialist democracy. However, this cannot be done in a hurry. The United States has one or two hundred years of experience with elections. If we now have elections involving one billion people, it is certain that a chaotic situation like that of the Cultural Revolution will occur. The young people will all cling to their own ideas and and we will see what Chairman Mao called 'all-out civil war.'"¹ China is not implementing capitalist democracy, but must implement socialist democracy. The view holding that the Chinese people are not equipped with the qualities for democratic politics and that, thus, China cannot implement democracy is utterly wrong. No nation's political quality is innate. Swimming can only be learned in the water and the capacity for democracy can only be achieved through democratic practice. The "two opens and one supervision," which is part of our clean government construction campaign at present, the electoral system for party and government elections in which there are more candidates than posts to be filled, as well as the people's consultative conference system and rural citizen committee system are all effective means by which the people participate in political life. The political quality and capacities of the Chinese

people will inevitably rise continually following the advance of these democratic practices.

Third, only in a stable environment will it be possible to continually create the conditions for democratic politics and, on the basis of these conditions, to build a democratic political system and democratic political mechanisms. We have said that democracy, as a political system, is subject to the restrictions of the social environment. When social conditions become obstructions to the building of democratic politics, then the environment should be changed and conditions should be created by which democracy can be developed. Comrade Deng Xiaoping has said: "China is now in the process of developing the economy. If democracy is sought on the formalistic level, the result will be that democracy will not be realized and the economy will not see development. It will result only in chaos for the nation and the sapping of the spirit of the people."² The development of the economy and of science and technology are for the purpose of creating the material conditions for democracy. Reforming education, popularizing education, and eliminating illiteracy are for the purpose of creating the human qualities necessary for democracy. Propagating the idea of socialist democracy, the idea of freedom, and the idea of rights and interests, opposing bourgeois egoism, anarchism, and feudal clan ideologies, and opposing the ideology of privilege are intended to create the value concept conditions necessary for democracy. When these conditions are realized to a certain degree, democratic politics will inevitably see essential progress.

To sum up, in building democratic politics, it is necessary to understand the basic patterns of democratic development and the experiences and lessons of China's political history, to understand China's national situation and China's special economic, social, and cultural environments. We must not fall behind the times, but likewise must not implement democracy ahead of its time. If we do, China will again fall into upheaval, stagnation, or even decline. Thereby we will lose the valuable opportunity to achieve modernization, to strengthen the country, and to bring prosperity to the people.

Footnotes

1. Conversation during meeting with [U.S. President] Bush 26 February 1989.

2. *Ibid.*

A Brief Talk on Building Our Regional Enterprise Culture

HK1011022089 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 20, 16 Oct 89 pp 43-44

[Article by the Propaganda Department of Benxi City CPC Committee]

[Text] Benxi is a city where large and medium-sized enterprises are centered. In the last few years, in order to

meet the demands of deepening enterprise reform, and also to meet the demands of building material culture and spiritual culture, the city party committee and the city government have stressed guiding the building of enterprise culture and explored avenues for building regional enterprise culture. This is intended as a way to have the building of enterprise culture throughout the city develop from individual enterprises to many enterprises, develop from an individual form to a group form, and to extend it from within the enterprises to the outside society. In this way, enterprise culture construction will be carried out through many avenues, many channels, and many forms, and will thereby basically form a "microclimate" of regional enterprise culture construction in Benxi City. This "cultural microclimate" includes raising the quality of the people, greatly propagating enterprise spirit and strengthening scientific management as its basic aspects, and, through reliance on various specific enterprise cultures, has the regional building of the two types of civilization as its basic goal. Throughout the whole city, a situation has occurred where there is mutual influence, mutual functions, mutual encouragement, and mutual promotion between enterprises, between enterprises and cultural departments, and between enterprises and the overall society. This has powerfully promoted the building of the two civilizations and has realized quite good economic results and social results.

We first strengthened the building of enterprise culture in specific factories and mines. Only if the economic situation of the enterprise is good do the material guarantees for enterprise culture construction exist. At the same time, enterprise culture construction also inevitably promotes the economic development of enterprises. In the last few years, the majority of large and medium-size enterprises throughout the city have basically developed enterprise culture centered on fostering and strongly promoting enterprise spirit, and this has brought continually better results to enterprises. The Beitai Iron and Steel Works is located in the suburbs, and a few years ago enterprise results were quite poor and there was a serious outflow of workers. This enterprise then developed enterprise culture construction, with "the spirit of Beitai Iron and Steel people" as its core. The cadres and workers of the whole factory, with one heart and mind, jointly took on the risks, completed the transformation tasks for the Seventh 5-Year Plan 2 years ahead of schedule, realized profits and taxes of 35 million yuan, and total industrial output value exceeded 110 million yuan. Raising the enterprise results brought changes to the material and spiritual lives of the staff and workers and they became more determined to build up Beitai Iron and Steel Works and make greater contributions to the state. The changes in the Beitai Iron and Steel Works meant that the Beitai region where this factory is located, also saw great changes. Today, there are many large enterprises which are, like Beitai Iron and Steel Works, tasting the benefits of enterprise culture. These enterprises have created for us fine conditions for coordinating and developing regional enterprise culture.

Second, we have emphasized bringing into play the exemplary role of outstanding enterprises. The construction of enterprise culture in our city has been developed under the motive force of a number of advanced enterprises, including the Benxi Cement Factory, the Beitai Iron and Steel Works, the Benxi Iron and Steel Company, the Gongyuan Cement Factory, the Benxi City Tool Factory, the Benxi Organic Chemistry Works, the Benxi Iron and Steel Company's Nanfen Open-Cut Mine, the Benxi Mingshan Grain Depot, and the Benxi Commercial Building. The Benxi Cement Factory is representative of this group of advanced enterprises. Through a long period of exploration and practice, the Benxi Cement Factory has established "Changbai culture" ("Changbai" is the brand name of this factory's products), a new form of enterprise culture that reflects the special characteristics of the enterprise and is in harmony with the development of the enterprise. It has also fostered "Changbai spirit," which is imbued with the characteristics of this enterprise, and this has injected vigor into the development of the enterprise. In order to raise the quality of the workers, at the same time as doing well in the running of a nursery and a primary school, it has built a library and established an education and training center for the staff and workers. This has resulted in an overall improvement in the cultural and technological qualities of the cadres and staff and workers of this factory. In order to influence and mold the sentiments of the staff and workers throughout the year, the factory organizes health improvement activities and beneficial recreation activities. In order to build a beautiful environment, the factory has invested a large amount of funds in greening and beautifying the area and in dealing with dust pollution. Building "Changbai culture" has become a conscientious activity of all the staff and workers of the factory. "Changbai culture" has also become a powerful motive force in the production of the Benxi Cement Factory. In recent years, the economic results of this factory have seen sharp growth and, for 3 successive years, output volume, output value, and profits and taxes have all seen record levels. Since 1984, it has been cited successively as a city and provincial "cultured factory," and as a provincial advanced unit in ideological and political work. The experiences of this factory in building enterprise culture have caused the leaders of more enterprises to understand that enterprise culture is truly an avenue by which to invigorate their enterprises.

Third, we have fully brought enterprises' superiorities into play in order to promote culture construction. In the last few years, we have, on the basis of the demands of culture construction, proceeded from the actual situations of enterprises and, in accordance with the overall plans and the principles of voluntary participation, acting within capabilities and common benefit, realized quite swift development in culture construction in society, and have formed Benxi City's regional cultural development "microclimate."

In this "microclimate" of ours, two aspects have been stressed: First, we have arranged large-scale cultural

activities. Second, we have arranged cultural facilities. In the last few years, with the guidance and support of the city committee and the city government, the links between culture and the economy in Benxi City have become ever closer and the cultural departments and enterprises have jointly organized theatrical troupes, run schools, and organized newspapers. These activities have seen good momentum. This is especially true of the several major cultural activities organized jointly by the cultural departments and the enterprises. The scope of the effects was unprecedented. Some activities saw response from other cities and even other provinces and they had an effect domestically and even abroad. The results were referred to by relevant departments as "the Benxi cultural phenomenon." For example, the following events all produced quite good social effects: the "Benxi Cup" northeastern provinces nationality singing competition, a demonstration by some famous painters and calligraphers from throughout the country, the "Changbai Cup" northeastern provinces disco dancing competition, and the "Gongyuan Cup" national poetry competition.

In the regional enterprise culture construction, we have brought the enthusiasm of enterprises into play and encouraged enterprises with the capability to also build cultural facilities for society, at the same time as building beautiful factory (mine) areas. The White Swan dance hall now seen in Benxi, the high-grade mass cultural arenas seen everywhere, the first pedestrian overpass, the Tianyifang Restaurant, and so on, were all built with investment from enterprises.

The arranging of major activities and the building of cultural facilities has meant that regional enterprise culture has seen major development. First, enterprise results have improved. The participation of enterprises in arrangements and construction has meant that enterprises have been able to demonstrate their strengths and the enterprises' social images have been remodeled. Also, the staff and workers' trust, pride, and sense of responsibility with respect to their enterprise have meant that enterprises' centripetal force and cohesiveness have increased. Second, quite good social results have been achieved. The arranging of major cultural activities and the building of large-scale cultural facilities has not only satisfied the cultural needs of staff and workers, but has also enriched the cultural lives of everyone in the city. Third, quite good economic results have been achieved. Although cultural measures cannot show instant benefits, they can, in a hidden and sustained way, bring into play factors which are otherwise very difficult to bring into play. For example, after the television drama *Junk King*, which was based on the reform of the Benxi Goods and Material Recovery Company, was aired, the reputation of this company was greatly raised, the avenues for purchase and sales expanded, and economic results grew greatly. The good results of developing enterprise culture have resulted in a marked strengthening of the construction consciousness among enterprise leaders and a construction situation marked by mutual competition and vying to make contributions has appeared throughout the whole city.

Finally, the guidance and coordination provided by the city party committee and the city government have played a crucial role in developing regional enterprise culture. The unified plans of the city committee and the city government with respect to the culture construction and cultural activities throughout the whole city have been included in the activities for building spiritual civilization. In the study of cultural work and major cultural activities within the city, leading comrades have personally made enquiries, participated in coordination, and strengthened guidance. In regional enterprise culture construction, the city committee and the city government have emphasized proceeding from reality, have taken into consideration the actual capacity of enterprises to bear commitments, and have not instituted rigid levies or demanded uniformity. At the same time, under the precondition of unified plans within the city, they have implemented the policy that whoever builds (or runs) a project will be responsible for managing it and will receive the benefits from it. This both draws in cultural investment and ensures that enterprises will obtain economic benefits from cultural operations.

The most important aspect in guiding regional enterprise culture is correct guidance on the ideological level. One of the roles of regional enterprise culture construction is the creation and formation of a regional "cultural microclimate" so as to restrain the corrosion caused by corrupt cultural consciousness. In response to the situation where nationality arts were being rejected and popular songs were the only ones being sung, we arranged the "Benxi Cup" nationality singing competition. In response to the situation where literary and art creation and especially poetry creation were "divorced from life" and "diluted politics," we instituted the "Gongyuan Cup" national poetry competition to reflect reform in the building materials industry and the lives of building materials workers. The competition received the affirmation and support of leaders and experts, including He Jingzhi, Zhou Weizhi (0719 1550 1492), Ai Qing, and Zang Kejia. Entries were received from all over the country, excluding Tibet and Taiwan Province, and, after the competition, a poetry collection entitled *Odes to the Source of Construction* was published, and was well-received by workers in a broad range of industries.

Summary of Theoretical Symposium on 'Only Socialism Can Save and Develop China'

HK1511113089 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 20, 16 Oct 89 pp 45-46

[Article by Chen Jingsong (7115 0513 2646), GUANGMING RIBAO Theory Department]

[Text] On 11 and 12 September, the Chinese Scientific Socialism Society, the All-China Historical Materialism Research Society, the QIUSHI Philosophy and History Department, and the Theory Department of GUANGMING RIBAO jointly held a theoretical symposium entitled "Only Socialism Can Save and Develop China."

More than 50 invited theoreticians attended this symposium. Combining theory with practice, the participants discussed and proved the inevitability and superiority of China taking the socialist road. They pointed out that China would get nowhere taking the capitalist road and that those who engaged in "liberalization" were, in fact, trying to practice capitalism.

Taking the Socialist Road Is a Historic Choice

The symposium fully discussed the historic inevitability of China taking the socialist road. After the Opium War, countless progressive Chinese people engaged in all sorts of exploration, seeking a way to make the nation rich and strong. Hong Xiuquan [3163 4423 0356], Kang Youwei [1660 2589 3634], and Sun Yat-sen, respectively, put forward "The Field System of the Heavenly Court," "The Book of Universal Harmony," and the "Doctrine of the People's Livelihood" at different times but all met with defeat. After the May 4th Movement, Marxism quickly found its way into China under the influence of the socialist October Revolution, integrated itself with the workers' movement, and gave birth to the CPC, thereby creating the conditions for China to choose the socialist road. At that time, different political forces mounted the stage. The feudal warlords wanted to divide the country into feudal states and the bourgeois democrat-liberals wanted to follow the Western road of a bourgeois republic. None of them succeeded. Only the two-step approach of the Chinese Revolution put forward by the CPC had the support and backing of the masses. It swept the country like a prairie fire and brought about a fundamental change in the situation in China. After the victory of the New Democratic Revolution, it was inevitable that China took the socialist road. First, in the early days of the republic the newborn people's political power would have lost its foothold had it not confiscated all bureaucratic capital and turned it into the socialist economy. Second, bringing China's revolution and construction onto the socialist road was an inevitable requirement for speeding up the development of the social productive forces. Third, China would have degenerated into a U.S. colony once again if it had not then decided to take the socialist road.

The Superiority of Taking the Socialist Road

What is the criterion for judging whether or not a social system is superior? The participants held that the key lies in whether it can expedite development of the productive forces. It is an undeniable truth that socialism can push forward development of the productive forces much faster than can capitalism. Statistics show that during the 1980-85 period, the GNP increased at an average annual rate of 9.2 percent in China, but at only 2.3 percent in developed countries. The figure for the United States was 2.1 percent and for Japan it was 4 percent. The average annual GDP [gross domestic product] growth rate was 9.8 percent for China but only 2.3 percent for the developed countries. The figure for the United States was 2.5 percent, and for Japan it was

3.8 percent. These figures without doubt bear witness to the superiority of socialism over capitalism.

There are more than 100 countries in the world, the majority of which are underdeveloped. The number of developed capitalist countries is very small. The participants pointed out: Even among the underdeveloped countries, development in those countries following the socialist road notably outstrips that in countries following the capitalist road. This also fully reflects the superiority of socialism.

First, the socialist road enables a country to accomplish its historical mission more quickly. Modern world history shows that the process of industrialization in the developing countries is closely linked to the policies formulated by their governments. What constitutes the leading force and who are the masters has a vital bearing on the pace of modernization. In socialist countries the public ownership of the means of production and the economic system combining the planned economy with regulation by market forces are practiced. The working class, with the communist or labor party at its core, is the leading force of the state and the working class, and the masses of laboring people are the masters of the country. Under such an economic-political system there is no fundamental clash of interests between various interest groups. The fact that fundamental interests coincide provides the conditions for the concentrated, rational, and effective use and deployment of manpower and material resources, thereby speeding up the pace of modernization. This is something with which developing countries taking the capitalist road cannot bear comparison.

Second, the socialist road can help overcome polarization and prevent the working class and the masses of laboring people from being oppressed and exploited. In taking the socialist road the most fundamental requirement is to practice the economic system of public ownership of the means of production. When the means of production are publicly owned, the interests of the masses of workers and laboring people will be fully protected and there will not be a wide gap between the rich and the poor. This has been borne out by practice in socialist countries. In recent years, gross unfairness was seen in social distribution in China, a phenomenon contrary to the nature of socialism. We believe that the socialist public ownership system requires that we overcome these evil consequences caused by mistakes in our work and that we can definitely accomplish this task.

In underdeveloped countries taking the capitalist road, the wide gap between the rich and the poor is almost a universal phenomenon. As a rule, bureaucratic capital is the first to be developed in these countries. Bureaucratic capital is the product of special privileges and money. It is more evil than national capital and is more merciless and severe in its oppression of the workers and masses of laboring people. As a result of the malignant growth in the accumulation of wealth, there is a serious disparity

between the rich and the poor. This was the case in old China under the rule of the Kuomintang and in the Philippines under Marcos.

The malignant expansion of bureaucratic capital and the resultant gap between the rich and the poor not only bring calamity upon the workers and the masses of laboring people, but are also disastrous to the economic development of the whole country. The reasons are twofold: First, gross unfairness in distribution is bound to result in social unrest. Second, since the bureaucratic capitalists can make use of the state power directly or indirectly under their control to push the entire economy in a direction conducive to their efforts to reap maximum monopoly profits, competition will inevitably be strangled. This will lead to abnormal development of the national economy. The ultimate result is that the country's modernization process will be delayed.

Third, the socialist road can guarantee the peaceful and gradual democratization of the whole society. A modern society must also be a democratic society. The ways in which different developing countries work for democracy while striving for industrialization differ significantly according to their social systems. In developing countries taking the capitalist road, the democratization process is a painful and intermittent one, full of twists and turns. The reason is that in these countries the gross unfairness in social distribution and the wide gap between the rich and the poor sharpen the clashes between various social contradictions. These will inevitably lead to social unrest and political instability and will ultimately result in the prolonged domination of a military dictatorship. This has been fully borne out by the experience of developing countries taking the capitalist road.

In developing countries taking the socialist road, the people are the masters. There is no polarization, no wide gap between the rich and the poor, no a fundamental clash of interests between different interest groups. This determines that in socialist countries the democratization process is bound to proceed peacefully and gradually under the leadership of the Communist Party.

How Should We Look at the Twists and Turns in Socialist Countries and the Prosperity in Some Developed Countries and Regions

Socialist countries have gone through a number of twists and turns in the process of developing socialism in the past decades. The Cultural Revolution is a case in point. How should one view these twists and turns? The participants conducted a serious probe into this question.

First, we should realize that perfection of the specific economic-political system is a process by itself and one that cannot be completed overnight, following the establishment of the socialist system. It is inevitable that an imperfect economic-political system will lead to all sorts of malpractices in the political and economic life of society as a whole. Looking back over the history of the developed capitalist countries in the West, we can see

that it also was fraught with all sorts of malpractices and cruelty in the early days. It was not until the mid-1930's, and particularly after World War II, that improvements and developments for the better were seen. This historical process had lasted for some 300 years. It is obvious that the development of socialism also needs to undergo a process of development from imperfection to perfection.

Second, we should distinguish between mistakes in work and in the socialist system itself. The socialist system has superiority, but this superiority does not come as a matter of course. Rather, it has to be understood and discovered. In socialist countries, the communist party, as the ruling party, has unshirkable responsibility to continuously bring out the superiority of the socialist system. However, the communist party is not infallible, since it is made up of men, not gods. Mistakes of this kind can be roughly divided into two categories. The first covers mistakes made due to lack of experience and limitations in understanding. Those coming under the second category are manmade mistakes resulting from violations of the basic tenets of Marxism-Leninism. Regarding the first category, we should strive to resolve them by making continuous efforts to study the new situation and the new problems, strengthen theoretical research into socialist economics and politics, and do our best to avoid repetition of these mistakes. As to the latter category, we should learn our lessons and make an earnest effort to eliminate them.

After World War II, and particularly since the 1960's, a number of developing countries and regions taking the capitalist road, such as South Korea, Singapore, Taiwan, and Hong Kong in Asia, witnessed rapid growth in their economic development, while socialist countries experienced twists and turns of varying degrees in their practice. How can this phenomenon be explained? The participants regarded this as the product of a given international environment. Following the development of science and technology, capitalist countries in the West witnessed a so-called "golden age" during the 1950's and 1960's. High-speed economic growth and, in particular, the rapid emergence of new industries brought on by the new scientific and technological revolution compelled developed capitalist countries like the United States and Japan to readjust their industrial structure by shifting some of their labor-intensive light and textile industries to other countries and regions with a cheap labor market. At that time, South Korea, Singapore, Taiwan, and Hong Kong all enjoyed good natural conditions, had an abundant supply of high-quality cheap labor, and were strategically located in positions favorable to U.S. global strategy. Moreover, in their further readjustment of the industrial structure in the 1970's, the United States, Japan, and other developed capitalist countries decided to shift some of their heavy and chemical engineering industries to other countries and regions. By then, South Korea, Singapore, Taiwan, and Hong Kong, having accumulated considerable funds

and skills, became the natural target areas of transfer. This explains the economic miracle of the "four little tigers" of Asia.

The "four little tigers" of Asia constitute only a very small number among countries and regions taking the capitalist road. They can only be regarded as exceptional cases and cannot illustrate the superiority of the capitalist system over the socialist system. Arguments citing these as examples to negate the socialist system cannot hold water.

The 'Elite' Doctrine

HK1411045789 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 20, 16 Oct 89 p 47

[Article by Wei Ji (7279 7535)]

[Text] It is unclear when it all started when some people claimed themselves to be the elite of the society and became rather cocky. The term "elite" became a special term for certain people. However, it was a pity that none of the "elite" nor their magnificent feats were acknowledged by the ordinary people, so they were all gone in a twinkling, without leaving a trace.

Some of the "elite" worked very hard at the beginning. Although they also made an uproar during the Cultural Revolution, they later rolled up the banner of rebellion and returned to their studies to do academic research or to create works, many of which were brilliant and innovative. An advantage of the situation then was that there was no "elite" title. But, since they had longed to stand out among their fellows, they eventually found it difficult to face their loneliness.

A "renowned economist," who knew nothing about economics, gave lectures at one time on his two-character doctrine: be bold. It seemed that this was the first step to become one of the "elite." Not knowing what was he saying, he talked nonsense, or indulged in loud and empty talk about hearsay. What he really made was a posture of being well-learned and being a gifted scholar. Without having read *Dream of the Red Chamber*, he said this and that in an arrogant manner, making experts on such works stare, tongue-tied. It made one not know whether to laugh or cry that, although he knew nothing about cynicism, he accused his opponents, without proof, of being cynics. He learned little and was unworthy of the title of an "academic elite." But he knew a lot of tricks, namely the trick of keeping watch on the trend of events, that of speculation, and that of swindling and bluffing. It was revealed by a certain bookworm that it was easily discovered that certain chapters of long essays or works by such an "elite" was copied from foreign works, that certain paragraphs were an excerpt from the remarks of a teacher, and the remaining part that linked all these together was done so awkwardly that it violated our common sense and strayed from the point. One might understand one or two points put forward by such works only if one used wild imagination. One of my learned friends sighed with regret: "A person

can still be a nobody although he studied hard for 10 years; whereas one who talks nonsense becomes well-known." What they really wanted was just to be well-known. Perhaps, this was the key to be one of the "elite."

All works by the "elite" must be vague. The more the author felt confused, the more readers felt puzzled, the more irrelevant things that were covered, the more strange it looked, and the more ungrammatical it became, the more fascinating it would be. As no works were really what they were supposed to be and all talks were rambling talks, the readers might really think that profound knowledge was embodied by such works. Eventually, these readers treated them as the "elite." In fact, this was only a trick of deception. Even though they won the title of "elite," they were just a rank growth of grass.

When my learned friends gathered together, they were often surprised by the overnight success of some "elite." People of my generation must be very stupid. We used to work until late at night for days in our studies before completing a short essay. If we were assigned a large project, we dared not to write a word without having spent 2 months studying reference materials and clarifying the standpoints of different schools. However, the "elite" traveled north and south to attend banquets and meetings, to meet the press, and to give lectures on any subject, present or past—astronomy, geography, the art of love, cookery, ecology, missiles, essence of Buddhist scriptures, and so forth. Furthermore, news reports about them often appeared on the television, in the press, or magazines. Even a person who possessed the genes of an alien and the gesture of a master of qigong (a form of traditional Chinese martial arts) would find it difficult to achieve such effects and results.

Nonetheless, we knew that there was the trick people used to become famous without writing an article or creating any works or if their works were absurd or substandard.

In fact, it was more accurate to award the "elite" with the prefix of "political" rather than "academic." Our experience in the Cultural Revolution indicated that, when they rebelled, it was not difficult for them to take up posts like team leader of armed struggle by taking action. Indeed, it was much quicker to achieve one's goal by using political means than by acting like a bookworm. Upon realizing this, they therefore returned to their old tricks. Those who learned little put their blame on Marx, Mao Zedong, the Communist Party, socialism, China, and the Chinese people. Those who knew how to fight colluded with gangsters and riffraff to burn military vehicles and to kill soldiers. Because they put the blame on others, they were saved the trouble of finding proof. No matter how impassioned their statements or how relentlessly and fiercely they acted, they had their think tank to handle the situation, and they got support from foreigners. For example, Yan Jiaqi began as a street-corner politician of the Xidan wall. He then became an authority on "political science" by putting together the

content of the big-character posters and tabloids of the Cultural Revolution and hearsay. Later, he became adviser to the rebels. Right after he fled, according to Hong Kong reports, he was promptly given a sum of \$200,000 by Taiwan. If a critic were to reveal the truth and point out that these "academic elites" were actually pseudo-academic elites, he would be presented with and intimidated by a document issued by the Nobel Prize committee proving that they were nominated as Nobel Prize winners. The fact that the prize was given to somebody else was not important. When talking about this, I could not but think about the case of Fang Lizhi. Recently, some "elites" who took foreign food as their meals went to Taiwan to receive their money, and then gave speeches at rallies, nominating Fang Lizhi as a candidate for the 1990 Peace Nobel Prize. This might be because Professor Fang, who studied natural science, decided to choose politics as his career. In this respect, he made the "achievement" in the riots of being in the limelight, and had the strategy to "dissolve China." However, I am afraid that there still would not be peace and order even if China, which has a 1.1 billion population, were dissolved. I really feel embarrassed for Professor Fang: Being put on the wanted list and sworn at by every Chinese, he is taking shelter at a certain foreign embassy in China. Since he and his wife are living in a small, muggy room, it is lucky that they only sweat, but do not get sick. When will they crawl out from that cave and attend that grand awards presentation ceremony?

There is an elite doctrine. This doctrine can only be the practice of serving the people in a down-to-earth manner. The doctrine that we have just discussed is simply a heterodox one, the home of which is the tiny room that houses Fang Lizhi.

Oh, New China in the First Light of Dawn—Reviewing the Full-Length Drama *China in 1949*

HK1511124089 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 20, 16 Oct 89 p 48

[Article by Dou Xiaohong (4535 2556 4767)]

[Text] "Where are we heading now?"

"Why are we going there?"

Over the growing roar of engines, we can clearly hear the above exchange of dialogue in the hazy distance. This was the epic prologue to the full-length drama, *China in 1949*, staged by the Modern Drama Troupe of the PLA [People's Liberation Army] General Political Department on the occasion of the 40th anniversary of the founding of the PRC.

China in 1949 makes ingenious use of the Communist Party's march into Beijing, with the Kuomintang retreat from the mainland as its backdrop. Through alternating and contrasting scenes, and using the set of hypothetical questions asked in the prologue as its central theme, the

play traces the historical course of the rise of the Communist Party and the fall of the Kuomintang, unfurling a colorful epic scroll of China in the eventful year of 1949. Through this play one can see how the people in whose hands the fate of China lay 4 decades ago answered this set of questions. And one cannot help wondering what a high price several generations of Chinese people, faced with these questions, had paid these last 40 years.

Chiang Kai-shek of the Kuomintang was driven from the mainland by the Chinese people who had lost confidence in him because he failed to properly raise and answer these questions. What, then, was on the minds of the great men of the Communist Party? They thought of a great many things when they first seized political power. They thought of the tests before them: The great number of examiners, the huge examination hall, and the long duration. Chairman Mao said: "When we moved into Beijing we were going to the capital to sit our examination." He regarded the masses as the examiners, himself as the candidate, the building of the new republic as a huge examination hall, and history as a fair-minded proctor. How broadminded and humble he was! Today, our party has gone through struggle and tempering for 40 stormy years. How has our party carried itself before the 1.1 billion examiners these last 40 years? It need feel no qualms about saying this: The people have given their approval and so has history. The achievements in construction over the last 4 decades have left their glittering marks on the examination paper. Although we have gone through many roundabout courses and made a few mistakes, we have passed the examination. Our Communist Party is worthy of the people and worthy of history.

With this set of hypothetical questions as the underlying theme of the play, the characters, language, details, and scenes are pieced together like threading scattered pieces of pearl and jade. This gives purpose to the actions of the actors and appeal to the central theme. Hence, even the most commonplace language becomes the most ingenious lines. For instance, Liu Fei [0491 2431], who represented the Kuomintang in the peace negotiations, used mahjong jargon when he tried to sound out how Mao Zedong felt about the other parties. He asked: "Would you rather win the game with all of one suit or a mixed hand?" Mao Zedong's clever answer was: "A mixed hand will do. I think it is a perfect end to a game." His reply clearly conveyed the policy of the Communist Party in cherishing peace and uniting all forces that can be united to build a new China.

Forty years ago, it was the strong contrast between the autocratic policy of the Kuomintang and the spirit of unity and coordination of the Communist Party that caused the elite of the nation to rally under the Communist banner of democracy, progress, and hard work for the prosperity of the country. It gave the Chinese people new hope despite the scenes of desolation in the national economy and the people's livelihood and convinced them that only the Communist Party could save China. Keeping a cool head, Mao Zedong told himself: "Mao Zedong, you must not think that you have won an

all-round victory.... The important thing is to guard against your own degeneration." *China in 1949* also conveys a profound sense of history and a strong sense of reality. The "willfulness" of history as something independent of man's will is precisely where the profundity of the play *China in 1949* lies.

China in 1949 handles the weighty topic of revolutionary history with great ease. This is because it no longer portrays revolutionary leaders as straight-faced people seriously discussing affairs of state. Neither does it simply resort to light strokes and humor as additives for the fine tuning of mood and characterization. Rather, it creates a dramatic environment that is at once natural and full of the richness of life. In this environment, the characters playing Mao Zedong, Liu Shaoqi, Soong Ching-ling, Zhou Enlai, Zhu De, and Ren Bishi [0117 1732 2514] appear lifelike and vivid. The symbolic stage design gives the historical theme and the development of characters the necessary distance. In this multiscene performance, upright pillars were turned into barricades

or the shapes of buildings according to plot changes, to reflect different backgrounds and details. Artistic expression lifts the subject matter and characters of the play from the confines of historical material and elevates them to an epic and philosophical level.

"Where are we heading now?"

"Why are we going there?"

Forty years ago, the Chinese people found it both simple and natural that this set of questions was raised. Today, after the republic has traversed a tortuous course through 40 stormy years, we feel hard-pressed and urgent about the same questions. The long-awaited reform is now at its crucial stage and the Chinese people will have to answer these questions afresh under the long-tempered leadership of the CPC.

How memorable is that early morning of the republic that is always on our minds.

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